



COMPREHENSIVE ANNUAL FINANCIAL REPORT

JOHNSTON COMMUNITY SCHOOL DISTRICT
JOHNSTON, IOWA

YEAR ENDED June 30, 2005
WITH REPORT OF INDEPENDENT AUDITORS

Official Issuing Report

Mark Klett, Executive Director of Business Services

Office Issuing Report

Administrative Services Division

JOHNSTON COMMUNITY SCHOOL DISTRICT
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June 30, 2005

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Johnston Community School District

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Mark Klett, Director of Business Services

November 28, 2005

Members of the Board of Education
Johnston Community School District
Johnston, Iowa

The Comprehensive Annual Financial Report (CAFR) for the Johnston Community School District for the fiscal year ended June 30, 2005 is submitted herewith.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds and account groups of the District in accordance with generally accepted accounting principles, (GAAP). It includes all District funds. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

The 2005 Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit Compliance. The Introductory Section includes a transmittal letter, the District's organizational chart and a list of District officials.

The Financial Section includes the District's financial statements and schedules and are presented in accordance with the financial reporting pyramid set forth by the Governmental Accounting Standards Board. The financial section consists of the independent auditor's report, Management's Discussion and Analysis, audited basic financial statements, required supplemental information, and combining and individual fund statements and schedules. The audited basic financial statements present both an overview and a broad long-term perspective of the School District as a whole in the government-wide financial statements. The Management's Discussion and Analysis presents financial highlights and information.

The Statistical Section sets forth selected unaudited financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. This section contains all necessary schedules and auditor's reports required for the District to comply with these regulations.

Reporting Entity

This report includes all entities or organizations that are required to be included in the school District's reporting entity. The District is a separate reporting entity. The District is not included in any other reporting entity; however, component units are included in this report. These are organizations that exist to support the District and include a foundation, booster clubs and parent organizations. A seven-member elected Board of Directors, who serve three-year terms, govern the Johnston Community School District. The Board of Directors is a policy-making and planning body whose decisions are carried out by school administrators.

The Johnston Community School District is located in the northwest part of Polk County and one of the fast growing suburbs of Des Moines, Iowa. The District is the 17th largest of Iowa's 370 public school systems. The enrollment is approximately 5,180 students. The District provides a full range of

educational services appropriate to students in early childhood, preschool and grades kindergarten through twelve. These services include basic, regular and enriched academic education; special education for children with special needs; vocational education; and numerous individualized programs such as specialized instruction for students at-risk and for limited-English-speaking students.

In addition to the elementary, middle school and high school programs offered in the District, there are additional opportunities for achieving success. Students attend METRO West, an alternative school for students who function better in a less-structured environment. Students may also attend the Central Academy that affords additional opportunities for a greater breadth of classes.

The District serves these students in one high school, two middle schools and four elementary schools. All of these buildings are either new or remodeled in the past 25 years.

Economic Condition and Outlook

The District is located in the central part of the state, within the larger Des Moines metropolitan area and ranks as one of the top growth areas of the country. The economic condition and outlook is stable. The District has experienced tremendous growth over the past several years. This growth has had a positive effect on employment and the District's tax base. The District has averaged a nearly 9% annual increase in the tax base over the past ten years. In Fiscal 2005, this trend continued with the tax base increasing by approximately 9%.

Based on conservative projections, this trend is expected to continue well into the next decade. While having a positive impact, the growth also presents significant challenges for the District. The District utilizes the optional instructional support levy at a level deemed appropriate and will need to continue a high level of efficient use of human resources and facilities.

Retail sales, building permits, and population increases in the western suburbs far exceed that of any other location in the metropolitan area or in the State of Iowa. These increases are expected to continue if economic conditions remain stable.

Major Initiatives

Summit Middle School was opened to start school with construction of the pool not completed until January, 2005.

During the year, the Board of Directors reviewed and updated the 10-year capital improvement plan. It is projected that the district will continue to grow for the foreseeable future with growth topping out at 6,000 – 6,500 students. In order to accommodate those students, the Board identified the following projects: new elementary; remodel and expand the middle school; remodel and expand the high school; add to existing elementary buildings where necessary; expand the support services center; upgrade activity/athletic facilities and purchase land for a future building site.

In order to accomplish this program, voters approved a \$36.5 million bond referendum with 82% approval. The district will issue general obligation bonds and will use Local Option Sales and Services Taxes to finance the debt until the levy expires. At that time, the remaining debt will be repaid with property taxes.

Internal Control

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state and local financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. As a part of the District's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards programs, as well as to determine that the District has complied with applicable laws and regulations.

Budgetary Controls

In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District's governing body. Activities of the General Fund, Special Revenue Funds, Enterprise Fund, Debt Service Fund and Capital Projects Fund are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established by function and encompasses all fund types. To facilitate the monitoring of the legal provisions, and to provide more complete information to interested parties the District prepares a more detailed budget for each fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

As demonstrated by the statements and schedules included in the Management's Discussion and Analysis included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Risk Management

Johnston Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Cash Management

Cash temporarily idle during the year was invested in sweep accounts and the Iowa School Joint Investment Trust. Interest income for fiscal year 2004 decreased significantly because of several factors. Lesser amounts of cash reserve to invest and the overall down turn of interest rates both locally and nationally.

Independent Audit

The Code of the State of Iowa requires an annual audit of the District to be performed by an accounting firm selected in a competitively bid process. The annual audit meets the requirements of the Code of Iowa, generally accepted auditing standards and the requirements of the 1996 Amendment to the Single Audit Act, and related OMB Circular A-133. The auditor's report on the general-purpose financial statements and combining and individual fund statements is included in the financial section of this report.

The auditor's reports related specifically to the single audit are included in a separate section for internal controls and compliance.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Johnston Community School District for its comprehensive annual financial report for the fiscal year ended June 30, 2004. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the

Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District also received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials (ASBO) upon recommendation of the Association's Panel of Review, which has judged that the report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program. A certificate is valid for a period of one year and we are submitting this report to ASBO to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire central administrative support staff and our auditors, Van Maanen and Associates. P.C. Finally, we would like to thank the Board of Education for their continued interest and support in conducting the financial operations of the District in a most responsible and progressive manner.

We are pleased to present this report of the results of the District's financial operation for the fiscal year ended June 30, 2005. It is our hope that study and review of this report will provide a better understanding of the District's financial operation for the District patrons.

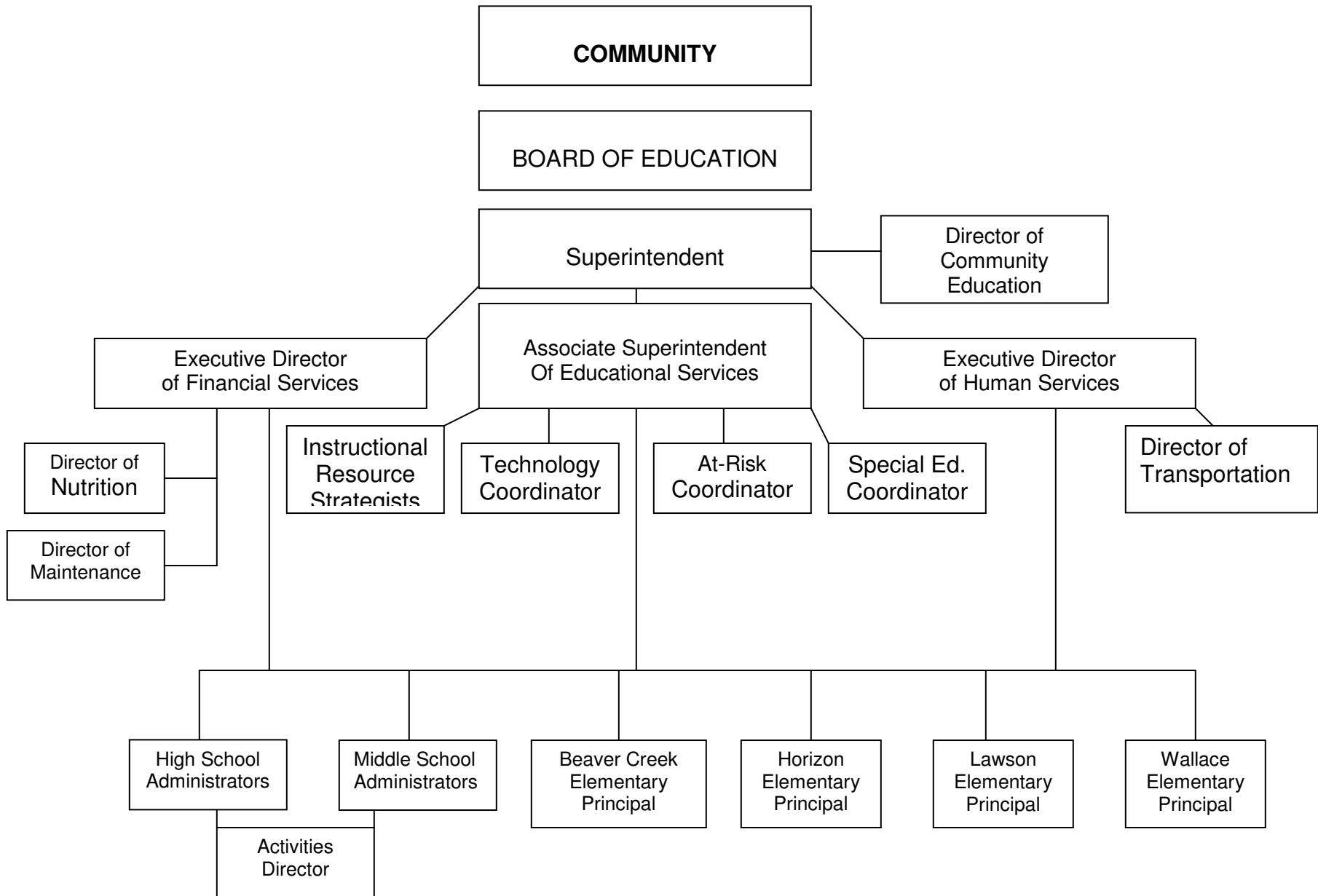
Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mark Klett', with a stylized, cursive script.

Mark Klett
Executive Director of Business Services

A handwritten signature in black ink, appearing to read 'K. Richard Sundblad', with a cursive script.

K. Richard Sundblad, Ph.D.
Superintendent of Schools



JOHNSTON COMMUNITY SCHOOL DISTRICT

List of Principal Officials
Year Ended June 30, 2005

Board of Education
(Before September, 2004 Election)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dean Gillaspey	President	2004
Robert Cramer	Vice President	2005
Robert Stewart	Board Member	2004
Stacey Tucker	Board Member	2004
Jill Morrill	Board Member	2005
Christopher Sonner	Board Member	2006
Ralph Young	Board Member	2006

Board of Education
(After September, 2004 Election)

Christopher Sonner	President	2006
Robert Cramer	Vice President	2005
Jill Morrill	Board Member	2005
Ralph Young	Board Member	2006
Alan Sprinkle	Board Member	2007
Julie Summa	Board Member	2007
Stacey Tucker	Board Member	2007
	Board Attorney	
Ahlers Law Firm	Attorney	Indefinite

JOHNSTON COMMUNITY SCHOOL DISTRICT

SCHOOL DISTRICT ADMINISTRATION

Year Ended June 30, 2005

<u>Name</u>	<u>Position</u>
Dr. K. Richard Sundblad	Superintendent of Schools
Dr. James A. Casey	Associate Superintendent of Human Resource Services
Dr. Bruce Amendt	Executive Director of Academic Affairs
Mark Klett	Executive Director of Business Services
Nancy J. Buryanek	Director of Community Education
Roger L. Fusselman	Director of Buildings and Grounds
Tim Kline	Assistant Director of Maintenance
LaRae Doll	Director of Food Services
David L. Kramer	Director of Transportation
Gene Denny	Director of Technology
Bruce Hukee	High School Principal
Deb Markert	High School Associate Principal
Jerry Stratton	High School Assistant Principal
Brian Carico	Middle School Principal
Mark Crady	Middle School Associate Principal
Gary Busby	Summit Middle School Principal
Kevin Blackburn	Summit School Associate Principal
Gary L. Ross	Director of Athletics and Activities
Cheryl Henkenius	Lawson Elementary Principal
Terry Jacob	Horizon Elementary Principal
Suzie Pearson	Wallace Elementary Principal
Eric Toot	Beaver Creek Elementary Principal
Vickie McCool	Y-Home Associate Principal & Special Education Coordinator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Johnston Community
School District, Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehlke

President

Jeffrey R. Enen

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

Johnston Community School District

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2004

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

A handwritten signature in cursive script, appearing to read 'Dawn Trombark'.

A handwritten signature in cursive script, appearing to read 'Anne W. Miller'.





Independent Auditor's Report

To the Board of Education
Johnston Community School District
Johnston, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Johnston Community School District, Johnston, Iowa, and its aggregate discretely presented component units, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Johnston Community School District and its aggregate discretely presented component units at June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2005 on our consideration of Johnston Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 13 through 21 and 60 through 62 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Johnston Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Other supplementary information included in Schedules 1 through 11, and the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, found in the Compliance Section, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Van Maanen & Associates, P.C.

Van Maanen & Associates, P.C.
Certified Public Accountants

September 28, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Johnston Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

- The District showed an increase in net assets of \$6,182,561 and \$5,455,687 during the years ended June 30, 2005 and 2004, respectively.
- Total revenues for the fiscal year ended June 30, 2005 and 2004 of \$50,622,792 and \$45,557,480 were comprised of General Revenues in the amount of \$38,981,373 and \$35,167,747 and Program Revenues totaling \$11,641,416 and \$10,389,733, respectively.
- As of June 30, 2005, the District's governmental funds reported combined ending fund balances of \$5,980,204, an increase of \$3,506,813, in comparison with 2004. This compares with June 30, 2004 balance of \$2,473,391, an increase of \$1,859,835 in comparison with 2003.
- As of June 30, 2005, unreserved undesignated fund balance for the General Fund was \$699,325 or 2.0% of total General Fund expenditures. This is an improvement over June 30, 2004 of (\$904,057) or -2.9% of expenditures.

Overview of the Financial Statements

This report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The statements for *governmental funds* explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

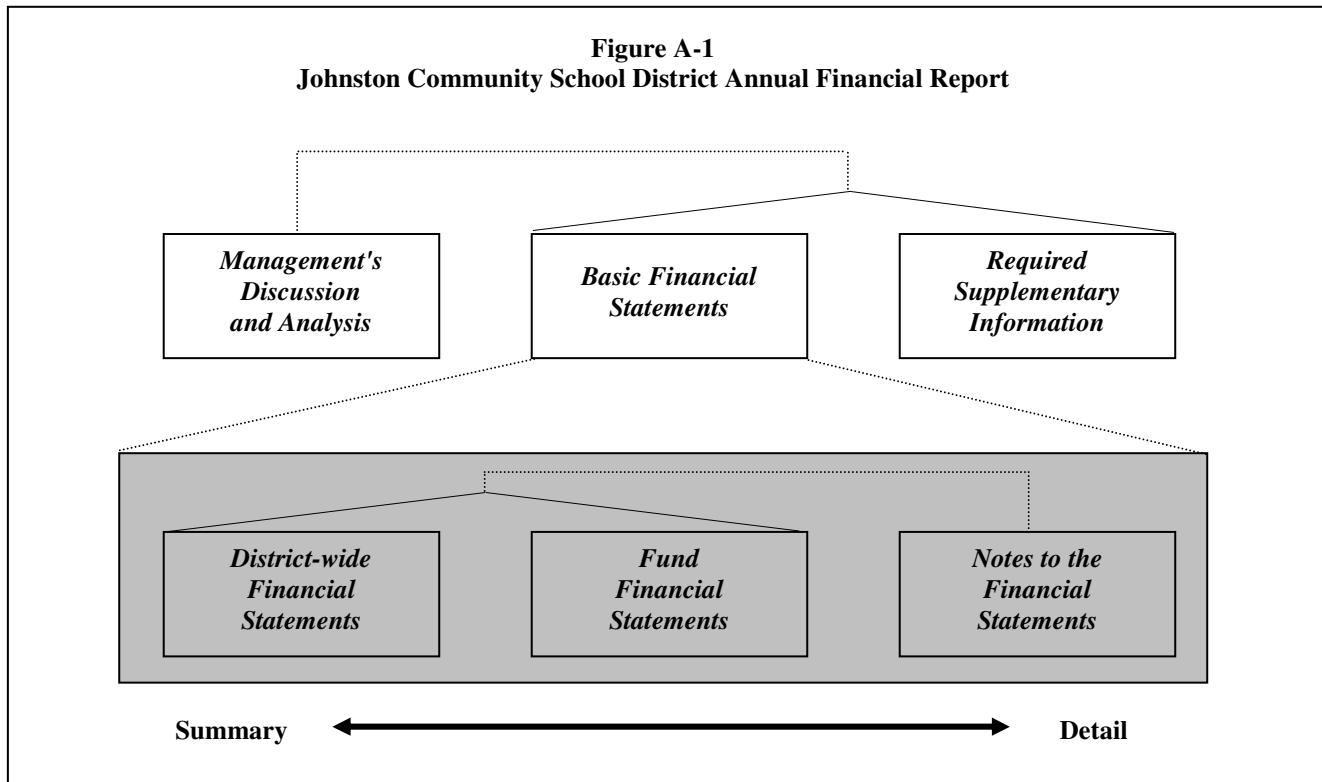


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the District-Wide and Fund Financial Statements			
	District-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of revenues, expenses and changes in net assets • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two District-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.
 - The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

- *Proprietary funds* are reported in the same way as the District-wide statements.
 - The District's enterprise funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has three enterprise funds: School Nutrition, Daycare and Community Education.
 - The District's internal service funds consist of revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis. The District's internal service funds are the Health and Dental Insurance and Flex Benefit funds.
- *Fiduciary Funds:* The District is the trustee, or fiduciary, for its Student Memorial program that accounts for resources held for others in a custodial capacity. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Financial Analysis of the District as a Whole

Net Assets

Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2005.

Figure A-3 Condensed Statement of Net Assets Year ending June 30, 2005							
	Governmental activities		Business type activities		Total		Total Change
	June 30,		June 30,		June 30,		June 30,
	2005	2004	2005	2004	2005	2004	2004-2005
Current and other assets	\$ 33,147,237	27,468,332	1,679,788	1,474,240	34,827,025	28,942,572	20.3%
Capital assets	61,622,615	59,355,371	680,399	401,213	62,303,014	59,756,584	4.3%
Total assets	94,769,852	86,823,703	2,360,187	1,875,453	97,130,039	88,699,156	9.5%
Long-term debt outstanding	28,008,648	22,708,082	-	-	28,008,648	22,708,082	23.3%
Other liabilities	31,384,071	34,420,215	162,473	178,573	31,546,544	34,598,788	-8.8%
Total liabilities	59,392,719	57,128,297	162,473	178,573	59,555,192	57,306,870	3.9%
Net assets:							
Invested in capital assets, net of related debt	32,602,330	29,105,935	680,399	401,213	33,282,729	29,507,148	12.8%
Restricted	2,190,011	2,136,870	-	-	2,190,011	2,136,870	2.5%
Unrestricted	584,792	(1,547,399)	1,517,315	1,295,667	2,102,107	(251,732)	-935.1%
Total net assets	\$ 35,377,133	29,695,406	2,197,714	1,696,880	37,574,847	31,392,286	19.7%

As noted earlier, net assets may serve over time as useful indicator of a government's financial position. The District's total net assets have increased from a year ago from \$31,392,286 to \$37,574,847.

The significant portions of the District's combined net assets reflect its investment in capital assets and are not available for future spending. The District's net assets invested in capital assets, net of related debt, was \$33,282,729 for 2005 and \$29,507,148 for 2004.

Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Long-term debt liabilities will be repaid through future property and sales taxes collections. Bond debt retirement for the year was \$1,235,000.

Property tax and unrestricted state grants account for 76 percent of the total revenue. The District's expenses primarily relate to instruction and support services that account for 84 percent of the total expenses.

Governmental Activities

Revenues for governmental activities were \$46,489,440 and expenses were \$40,505,297. Net assets increased by \$5,681,727.

Figure A-4 highlights the District's revenues and expenses for the fiscal year ended June 30, 2005 and 2004. These two main components are subtracted to yield the change in net assets. This exhibit utilizes the full accrual method of accounting. Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for services and sales, operating and capital grants and contributions. General revenue includes taxes and unrestricted grants such as state foundation support.

Expenses are shown in programs including instruction, support services, non-instructional programs and other expenses.

Figure A-4						
Changes in Net Assets						
	Governmental activities		Business type activities		Total District	
	Year ended June 30,		Year ended June 30,		Year ended June 30,	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 4,390,273	4,068,329	3,691,583	3,251,272	8,081,856	7,319,601
Operating grants and contributions	3,117,791	2,694,797	441,769	375,335	3,559,560	3,070,132
General Revenues:						
Property taxes	23,672,255	21,314,918	-	-	23,672,255	21,314,918
State grants	14,607,644	13,358,918	-	-	14,607,644	13,358,918
Investment earnings	200,335	126,896	-	-	200,335	126,896
Other	501,142	367,015	-	-	501,142	367,015
Total revenues	46,489,440	41,930,873	4,133,352	3,626,607	50,622,792	45,557,480
Expenses:						
Program expenses:						
Instruction	26,518,342	23,852,166	-	-	26,518,342	23,852,166
Support services - students & staff	2,563,853	2,424,261	-	-	2,563,853	2,424,261
Support services - administration	2,729,117	2,869,991	-	-	2,729,117	2,869,991
Operations and maintenance	3,640,341	3,083,216	-	-	3,640,341	3,083,216
Transportation	1,724,913	1,480,230	-	-	1,724,913	1,480,230
Non-instructional activities	3,328,731	3,150,184	3,934,934	3,241,745	7,263,665	6,391,929
Total expenses	40,505,297	36,860,048	3,934,934	3,241,745	44,440,231	40,101,793
Excess of revenues over expenses before transfers	5,984,143	5,070,825	198,418	384,862	6,182,561	5,455,687
Transfers	(302,416)	(13,993)	302,416	13,993	-	-
Change in net assets	\$ 5,681,727	5,056,832	500,834	398,855	6,182,561	5,455,687

Business Type Activities

Revenues of the District's business type activities were \$4,133,352 and expenses were \$3,934,934. Net assets increased by \$500,834. The District's business type activities include the School Nutrition, Daycare and Community Education Funds. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds as well. On June 30, 2005 the District's governmental funds reported combined fund balances of \$5,980,204, well above the June 30, 2004 ending fund balances of \$2,473,391. This is primarily due to increased cash reserve tax levies in the general fund and increased balances in the capital projects and nonmajor special revenue funds.

Governmental Fund Highlights

- The District's General Fund financial position improved dramatically during the year. The June 30, 2004 negative fund balance of (\$407,734) was improved to a positive \$1,079,682 on June 30, 2005. This is due to increased cash reserve levies by the Board of Education to improve fund balance.
- The Debt Service Fund balance increased slightly with taxes levied to cover principal and interest payments.
- The Capital Projects Fund balance increased as monies were reserved to cover anticipated future debt payments.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$912,973 on June 30, 2004 to \$1,340,653 on June 30, 2004. Included was a transfer of \$285,868 from capital projects for equipment purchased. The net assets of Community Education increased by 12% and Daycare Funds increased by 8%.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except for internal services, private-purpose trusts and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis. Schedules showing the original and final budget amounts compared to the District's actual financial activity are included in the required supplementary information section of this report.

Legal Budgetary Highlights

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget. In accordance with the Code of Iowa, the Board of Education annually adopts a program budget for all funds except internal service and agency funds as described in the note to required supplementary information. The District did not amend this year.

A comparison of actual expenditures/expenses of the District's budgeted funds with the final program budget amounts is as follows:

	Budget		Actual	Variance
	Original	Final		
Instruction	\$ 26,744,881	26,744,881	25,065,407	1,679,474
Support Services	13,276,728	13,276,728	10,704,449	2,572,279
Noninstructional programs	5,150,976	5,150,976	3,940,777	1,210,199
Other	11,067,684	11,067,684	19,345,380	(8,277,696)
	<u>\$ 56,240,269</u>	<u>56,240,269</u>	<u>59,056,013</u>	<u>(2,815,744)</u>

The negative balance in "Other" expenditures is due to payment of short-term cash flow construction debt converted to long-term debt. In other words, money was borrowed as long-term debt, and used to pay off short-term debt incurred in construction of Summit Middle Schools.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2005, the District had invested \$62,303,014 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment (see Figure A-5). This compares to the June 30, 2004 balance of \$59,756,584.

The original cost of the District's capital assets was \$84,462,332. Governmental funds account for \$83,217,710 with the remainder, \$1,244,622, in the Enterprise funds.

The largest change in capital asset activity during the year occurred in the construction in progress and buildings category. The completion of Summit Middle School project reduced the construction in progress to zero and added the completed cost of \$18,339,008 to buildings.

Figure A-5							
Capital Assets, Net of Depreciation							
	Governmental activities		Business type activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2005	2004	2005	2004	2005	2004	2004-2005
Land	\$ 2,564,343	2,519,009	-	-	2,564,343	2,519,009	1.8%
Construction in progress	-	15,039,664	-	-	-	15,039,664	-100.0%
Buildings	57,411,729	40,566,986	-	-	57,411,729	40,566,986	41.5%
Improvements other than buildings	725,659	652,047	-	-	725,659	652,047	11.3%
Furniture and equipment	920,884	577,665	680,399	401,213	1,601,283	978,878	63.6%
Total	\$ 61,622,615	59,355,371	680,399	401,213	62,303,014	59,756,584	4.3%

Long-Term Debt

At June 30, 2005 the District had \$32,595,211 in general obligation bonds and other long-term debt outstanding. This represents an increase of approximately 1.4 percent from June 30, 2004 (see Figure A-6). More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The large increase in early retirement obligations reflects the increased medical insurance liability as more employees take advantage of the retirement plan. This obligation is a fixed dollar amount toward health insurance until the employee reaches the age of 65.

Figure A-6			
Long-term Debt Obligations			
Year ending June 30, 2005			
	Total		Total
	School District		Change
	2005	2004	2004-05
General obligation bonds	\$ 16,815,000	18,050,000	-6.8%
Revenue bonds	9,500,000	7,485,000	26.9%
Capital loan notes	5,300,000	5,900,000	-10.2%
Early retirement	980,211	704,135	39.2%
Totals	\$ 32,595,211	32,139,135	1.4%

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District expects continued enrollment growth during the foreseeable future. The District's enrollment growth has averaged 5.9% annually over the last 10-years.
- The District has averaged nearly 9% annual increase in the tax base over the past 10 years and continued this trend with a 9% increase during 2004.
- The continued slow growth in state revenues and increasing enrollments will continue to put great pressure on District finances to meet both the personnel and facility needs of the District.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mark Klett, Executive Director of Financial Services, Johnston Community School District, 5608 Merle Hay Road, Johnston, IA 50131-1234.



Basic Financial Statements

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2005

	Governmental Activities	Business Type Activities	Total Primary Government	Component Units
Assets				
Current Assets:				
Cash and cash equivalents:	\$ 10,201,609	1,612,275	11,813,884	440,444
Receivables:				
Property tax:				
Delinquent	59,258	-	59,258	-
Succeeding year	21,016,590	-	21,016,590	-
Accounts	61,284	22,785	84,069	-
Accrued interest	5,817	-	5,817	-
Due from other governments	1,785,407	-	1,785,407	-
Internal balances	(2,548)	2,548	-	-
Inventories	19,820	42,180	62,000	8,576
Total current assets	33,147,237	1,679,788	34,827,025	449,020
Non-current assets:				
Land and improvements	4,707,380	-	4,707,380	-
Buildings and improvements	74,417,685	-	74,417,685	-
Vehicles, furniture and equipment	4,092,645	1,244,622	5,337,267	-
Accumulated depreciation	(21,595,095)	(564,223)	(22,159,318)	-
Total non-current assets	61,622,615	680,399	62,303,014	-
Total assets	94,769,852	2,360,187	97,130,039	449,020
Liabilities				
Current liabilities:				
Accounts payable	2,035,757	47,462	2,083,219	-
Insurance claims payable	375,066	-	375,066	-
Salaries and benefits payable	3,168,564	65,240	3,233,804	-
Accrued interest payable	108,620	-	108,620	-
Deferred revenue:				
Succeeding year property tax	21,016,590	-	21,016,590	-
Other	-	38,641	38,641	-
Capital loan notes payable	610,000	-	610,000	-
Revenue bonds payable	2,250,000	-	2,250,000	-
General obligation bonds payable	1,565,000	-	1,565,000	-
Early retirement payable	161,563	-	161,563	-
Compensated absences	92,911	11,130	104,041	-
Total current liabilities	31,384,071	162,473	31,546,544	-
Non-current liabilities:				
Capital loan notes payable	4,690,000	-	4,690,000	-
Revenue bonds payable	7,250,000	-	7,250,000	-
General obligation bonds payable	15,250,000	-	15,250,000	-
Early retirement payable	818,648	-	818,648	-
Total non-current liabilities	28,008,648	-	28,008,648	-
Total liabilities	59,392,719	162,473	59,555,192	-

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2005

	Governmental Activities	Business Type Activities	Total Primary Government	Component Units
<i>Continued from previous page</i>				
Net Assets				
Invested in capital assets, net of related debt	32,602,330	680,399	33,282,729	-
Restricted for:				
Debt service	111,076	-	111,076	-
Physical plant and equipment levy	1,726,180	-	1,726,180	-
Other special revenue purposes	289,892	-	289,892	-
Other purposes	62,863	-	62,863	8,576
Unrestricted	584,792	1,517,315	2,102,107	440,444
Total net assets	\$ 35,377,133	2,197,714	37,574,847	449,020

See notes to basic financial statements.

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2005

Functions/Programs	Program Revenues		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest
Governmental activities:			
Instruction:			
Regular instruction	\$ 18,202,072	1,371,521	1,317,356
Special instruction	6,131,583	2,047,690	349,315
Other instruction	2,184,687	753,585	7,689
	<u>26,518,342</u>	<u>4,172,796</u>	<u>1,674,360</u>
Support Service:			
Student services	1,124,816	-	-
Instructional staff services	1,439,037	-	-
Administration services	2,729,117	-	-
Operating and maintenance of plant services	3,640,341	24,324	-
Transportation services	1,724,913	193,153	181,636
Central support	12,348	-	-
	<u>10,670,572</u>	<u>217,477</u>	<u>181,636</u>
Non-instructional programs:			
Nutrition services	713		
Community Education services	130		
	<u>843</u>	<u>-</u>	<u>-</u>
Other expenditures:			
Facilities acquisition	890,901	-	-
Long-term debt interest	1,162,844	-	-
AEA flowthrough	1,261,795	-	1,261,795
	<u>3,315,540</u>	<u>-</u>	<u>1,261,795</u>
Total governmental activities	40,505,297	4,390,273	3,117,791
Business type activities:			
Non-instructional programs:			
Nutrition services	1,816,128	1,578,301	379,639
Day Care services	1,524,092	1,564,964	2,800
Community Education services	594,714	548,318	59,330
Total business type activities	<u>3,934,934</u>	<u>3,691,583</u>	<u>441,769</u>
Total primary governmental activities	<u>\$ 44,440,231</u>	<u>8,081,856</u>	<u>3,559,560</u>
Component unit activities:			
Program expenses	\$ 328,696	-	84,812
Management and general expenses	13,053	-	-
Fund raising expenses	380,103	-	692,872
Total component unit activities	<u>\$ 721,852</u>	<u>-</u>	<u>777,684</u>

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business Type Activities	Total Primary Government	Component Units
(15,513,195)	-	(15,513,195)	-
(3,734,578)	-	(3,734,578)	-
(1,423,413)	-	(1,423,413)	-
(20,671,186)	-	(20,671,186)	-
(1,124,816)	-	(1,124,816)	-
(1,439,037)	-	(1,439,037)	-
(2,729,117)	-	(2,729,117)	-
(3,616,017)	-	(3,616,017)	-
(1,350,124)	-	(1,350,124)	-
(12,348)	-	(12,348)	-
(10,271,459)	-	(10,271,459)	-
(713)		(713)	-
(130)		(130)	-
(843)		(843)	-
(890,901)	-	(890,901)	-
(1,162,844)	-	(1,162,844)	-
-	-	-	-
(2,053,745)	-	(2,053,745)	-
(32,997,233)	-	(32,997,233)	-
-	141,812	141,812	-
-	43,672	43,672	-
-	12,934	12,934	-
-	198,418	198,418	-
(32,997,233)	198,418	(32,798,815)	-
-	-	-	(243,884)
-	-	-	(13,053)
-	-	-	312,769
-	-	-	55,832

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2005

	Program Revenues		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest
<i>Totals continued from previous pages</i>	\$ 44,440,231	8,081,856	3,559,560
General Revenues:			
Property tax levied for:			
General purposes			
Debt service			
Capital outlay			
Local option sales and services tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Capital contributions			
Transfers			
Total general revenues, capital contributions and transfers			
Change in net assets			
Net assets beginning of year			
Net assets end of year			

See notes to basic financial statements.

Exhibit B

Net (Expense) Revenue and Changes in Net Assets				
	Governmental Activities	Business Type Activities	Total Primary Government	Component Units
\$	(32,997,233)	198,418	(32,798,815)	55,832
	15,337,951	-	15,337,951	-
	2,018,204	-	2,018,204	-
	2,059,739	-	2,059,739	-
	4,256,361	-	4,256,361	-
	14,607,644	-	14,607,644	-
	200,335	-	200,335	16,443
	501,142	-	501,142	-
	(285,868)	285,868	-	-
	(16,548)	16,548	-	-
	38,678,960	302,416	38,981,376	16,443
	5,681,727	500,834	6,182,561	72,275
	29,695,406	1,696,880	31,392,286	376,745
\$	35,377,133	2,197,714	37,574,847	449,020

JOHNSTON COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
Assets					
Cash and pooled investments	\$ 3,664,049	213,796	2,869,994	2,487,736	9,235,575
Receivables:					
Property tax:					
Current year delinquent	44,639	5,900	-	8,719	59,258
Succeeding year	15,708,868	2,303,303	-	3,004,419	21,016,590
Accounts	56,790	-	-	1,250	58,040
Accrued interest	-	-	3,567	2,250	5,817
Due from other governments	1,131,320	-	654,087	-	1,785,407
Due from other funds	112,323	-	17,538	-	129,861
Inventories	19,820	-	-	-	19,820
Total assets	\$ 20,737,809	2,522,999	3,545,186	5,504,374	32,310,368
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 687,784	-	936,957	133,386	1,758,127
Salaries and benefits payable	3,168,564	-	-	-	3,168,564
Due to other funds	-	-	13,514	118,895	132,409
Early retirement payable (note 5)	-	-	-	161,563	161,563
Compensated absences	92,911	-	-	-	92,911
Deferred revenue:					
Succeeding year property tax	15,708,868	2,303,303	-	3,004,419	21,016,590
Total liabilities	19,658,127	2,303,303	950,471	3,418,263	26,330,164
Fund balances:					
Reserved for:					
Inventories	19,820	-	-	-	19,820
Debt service	-	219,696	-	-	219,696
Early intervention block grant	14,226	-	-	-	14,226
Gifted and Talented Programs	6,169	-	-	-	6,169
Other grants and categorical aid	22,648	-	-	-	22,648
Unreserved:					
Designated for special purposes by the Board	317,494	-	-	-	317,494
Undesignated	699,325	-	2,594,715	2,086,111	5,380,151
Total fund balances	1,079,682	219,696	2,594,715	2,086,111	5,980,204
Total liabilities and fund balances	\$ 20,737,809	2,522,999	3,545,186	5,504,374	32,310,368

See notes to basic financial statements.

JOHNSTON COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2005

Total fund balances of governmental funds (Exhibit C) \$ 5,980,204

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 61,622,615

The Internal Service Fund is used by management to charge the costs of partial self funding of the District's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 316,582

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. (108,620)

Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds as follows:

Total long-term debt	(32,595,211)	
Portion of early retirement reflected on governmental funds	161,563	(32,433,648)

Net assets of governmental activities (Exhibit A) \$ 35,377,133

See notes to basic financial statements.

Exhibit E

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2005

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
Revenues:					
Local sources:					
Local tax	\$ 14,490,339	2,018,204	-	2,907,351	19,415,894
Tuition	3,155,907	-	-	-	3,155,907
Other	820,012	14,362	4,485,570	856,944	6,176,888
State sources	17,285,492	614	-	915	17,287,021
Federal sources	453,730	-	-	-	453,730
Total revenues	36,205,480	2,033,180	4,485,570	3,765,210	46,489,440
Expenditures:					
Current:					
Instruction:					
Regular instruction	16,213,278	-	-	468,874	16,682,152
Special instruction	6,196,627	-	-	-	6,196,627
Other instruction	1,414,064	-	-	772,564	2,186,628
	23,823,969	-	-	1,241,438	25,065,407
Support services:					
Student services	1,103,096	-	-	20,120	1,123,216
Instructional staff services	1,438,118	-	-	14,355	1,452,473
Administration services	2,584,611	-	-	83,566	2,668,177
Operation and maintenance of plant services	3,065,670	-	-	530,857	3,596,527
Transportation services	1,521,068	-	-	325,635	1,846,703
Central support services	17,353	-	-	-	17,353
	9,729,916	-	-	974,533	10,704,449
Non-instructional programs:					
Food services	707	-	-	6	713
Community service and education	-	-	-	5,130	5,130
	707	-	-	5,136	5,843
Capital outlay:					
Other expenditures	-	-	4,862,188	86,899	4,949,087
Debt Service:					
Other expenditures:					
Principal	-	11,975,000	-	-	11,975,000
Interest	-	1,155,598	-	-	1,155,598
Services	-	3,900	-	-	3,900
	-	13,134,498	-	-	13,134,498
Intergovernmental:					
Other expenditures	1,261,795	-	-	-	1,261,795
Total expenditures	34,816,387	13,134,498	4,862,188	2,308,006	55,121,079
Excess (deficiency) of revenues over (under) expenditures	1,389,093	(11,101,318)	(376,618)	1,457,204	(8,631,639)

JOHNSTON COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 June 30, 2005

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
<i>Continued from previous page</i>					
Other financing sources (uses):					
Transfers in	113,323	11,111,921	-	-	11,225,244
Transfers out	(15,000)	-	(10,369,231)	(857,561)	(11,241,792)
Bond proceeds	-	-	12,155,000	-	12,155,000
Total other financing sources (uses)	98,323	11,111,921	1,785,769	(857,561)	12,138,452
Net change in fund balances	1,487,416	10,603	1,409,151	599,643	3,506,813
Fund balances beginning of year	(407,734)	209,093	1,185,564	1,486,468	2,473,391
Fund balances end of year	\$ 1,079,682	219,696	2,594,715	2,086,111	5,980,204

See notes to basic financial statements.

JOHNSTON COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 Year ended June 30, 2005

Net change in fund balances - total governmental funds (Exhibit E) \$ 3,506,813

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 4,061,000	
Depreciation expense	<u>(1,793,756)</u>	2,267,244

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 11,975,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (3,346)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement (225,566)

Proceeds of long-term debt provide current financial resources to governmental funds but increase long-term liabilities in the Statement of Net Assets. (12,155,000)

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 316,582

Change in net assets of governmental activities (Exhibit B) \$ 5,681,727

See notes to basic financial statements.

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2005

	Business Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,612,275	966,034
Receivables:		
Accounts	22,785	3,244
Due from other funds	2,548	-
Inventories	42,180	-
Total current assets	<u>1,679,788</u>	<u>969,278</u>
Non-current assets:		
Property and equipment:		
Machinery and equipment	1,244,622	-
Accumulated depreciation	(564,223)	-
Total non-current assets	<u>680,399</u>	<u>-</u>
Total assets	<u><u>2,360,187</u></u>	<u><u>969,278</u></u>
Liabilities		
Current liabilities:		
Accounts payable	47,462	277,630
Insurance claims liability	-	375,066
Accrued salaries and benefits payable	65,240	-
Deferred revenues	38,641	-
Compensated absences payable	11,130	-
Total current liabilities	<u>162,473</u>	<u>652,696</u>
Net Assets		
Invested in capital assets, net of related debt	680,399	-
Unrestricted	1,517,315	316,582
Total net assets	<u><u>\$ 2,197,714</u></u>	<u><u>316,582</u></u>

See notes to basic financial statements.

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2005

	Business Type Activities Enterprise Funds	Governmental Activities Internal Service Fund
Operating revenue:		
Local sources:		
Operating revenues	\$ 3,691,583	3,800,483
Operating expenses:		
Non-instructional programs:		
Food service operations:		
Depreciation	95,130	-
Other	1,720,998	-
	1,816,128	-
Community service operations:		
Depreciation	9,103	-
Other	2,109,703	3,483,901
	2,118,806	3,483,901
Total operating expenses	3,934,934	3,483,901
Operating income (loss)	(243,351)	316,582
Non-operating revenues:		
State sources	83,100	-
Federal sources	358,669	-
Total non-operating revenues	441,769	-
Income before transfers	198,418	316,582
Capital contribution	285,868	-
Transfers in	16,548	-
Change in net assets	500,834	316,582
Net assets beginning of year	1,696,880	-
Net assets end of year	\$ 2,197,714	316,582

See notes to basic financial statements.

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2005

	Business Type Activities Enterprise Funds	Governmental Activities Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 1,578,773	-
Cash received from community services	2,110,751	3,797,239
Cash payments to employees for services	(2,344,017)	-
Cash payments to suppliers for goods or services	(1,410,115)	(2,831,205)
Net cash used by operating activities	(64,608)	966,034
Cash flows from non-capital financing activities:		
State grants received	83,100	-
Federal grants received	271,705	-
Transfers in	16,548	-
Net cash provided by non-capital financing activities	371,353	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(97,551)	-
Net increase in cash and cash equivalents	209,194	966,034
Cash and cash equivalents at beginning of year	1,403,081	-
Cash and cash equivalents at end of year	\$ 1,612,275	966,034
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (243,351)	316,582
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Commodities used	86,964	-
Depreciation	104,233	-
(Increase) in accounts receivable	(4,118)	(3,244)
(Increase) in due from other funds	(2,548)	-
Decrease in inventories	10,312	-
Increase (decrease) in accounts payable	(20,564)	277,630
Increase in insurance claims payable	-	375,066
(Decrease) in salaries and benefits payable	(143)	-
Increase in deferred revenue	4,607	-
Net cash provided (used) by operating activities	\$ (64,608)	966,034
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:		
Current assets:		
Cash and investments	\$ 1,612,275	966,034
Cash and cash equivalents at year end	\$ 1,612,275	966,034

Non-cash investing, capital and financing activities:

During the year ended June 30, 2005, the District received federal commodities valued at \$86,964.

See notes to basic financial statements.

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2005

	<u>Agency</u>
Assets	
Cash and pooled investments	\$ 4,375
Total assets	<u>4,375</u>
Liabilities	
Accounts payable	<u>4,375</u>
Total liabilities	<u>4,375</u>
Net assets	
Reserved for scholarships	<u><u>\$ -</u></u>
See notes to basic financial statements.	



JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS - COMPONENT UNITS
June 30, 2005

	Johnston Community School Foundation	Johnston High School Booster Club	Friends of Johnston ELP	Johnston Middle School PTO	Beaver Creek Elementary PTO	Horizon Elementary PTO
Assets						
Cash and pooled investments	\$ 204,954	37,348	2,322	8,321	29,034	36,173
Inventory	-	-	-	-	-	-
Total assets	204,954	37,348	2,322	8,321	29,034	36,173
Net assets						
Restricted for:						
Inventory	-	-	-	-	-	-
Unrestricted	204,954	37,348	2,322	8,321	29,034	36,173
Total net assets	\$ 204,954	37,348	2,322	8,321	29,034	36,173

See notes to basic financial statements.

Exhibit K

Lawson Elementary PTO	Wallace Elementary PTO	Washington D.C. Club	Johnston Band Parents	Johnston Vocal Parents	Johnston High School After Prom	Summit Middle School PTO	Total
9,414	23,681	113	41,937	37,692	3,382	6,073	440,444
6,293	378	-	1,905	-		-	8,576
15,707	24,059	113	43,842	37,692	3,382	6,073	449,020
6,293	378	-	1,905	-	-	-	8,576
9,414	23,681	113	41,937	37,692	3,382	6,073	440,444
15,707	24,059	113	43,842	37,692	3,382	6,073	449,020

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - COMPONENT UNITS
June 30, 2005

	Johnston Community School Foundation	Johnston High School Booster Club	Friends of Johnston ELP	Johnston Middle School PTO	Beaver Creek Elementary PTO	Horizon Elementary PTO
Operating revenues:						
Contributions	\$ 13,589	28,796	1,821	24	5,281	1,686
Membership dues	-	-	1,910	1,358	1,503	162
Grants	-	-	-	-	1,000	-
Fundraisers	35,650	95,472	230	10,299	119,959	94,856
Total operating revenues	49,239	124,268	3,961	11,681	127,743	96,704
Operating expenses:						
Program expenses	21,530	48,540	2,390	6,460	41,376	17,907
Management and general expenses	1,226	4,664	2,157	166	1,399	387
Fund raising expenses	15,179	66,117	216	4,668	62,705	62,339
Total operating expenses	37,935	119,321	4,763	11,294	105,480	80,633
Operating income (loss)	11,304	4,947	(802)	387	22,263	16,071
Non-operating revenues:						
Interest income	7,939	14	-	154	690	820
Unrealized market gain	4,879	-	-	-	-	-
Net non-operating revenues	12,818	14	-	154	690	820
Changes in net assets	24,122	4,961	(802)	541	22,953	16,891
Net assets beginning of year	180,832	32,387	3,124	7,780	6,081	19,282
Net assets end of year	\$ 204,954	37,348	2,322	8,321	29,034	36,173

See notes to basic financial statements.

Exhibit L

Lawson Elementary PTO	Wallace Elementary PTO	Washington D.C. Club	Johnston Band Parents	Johnston Vocal Parents	Johnston High School After Prom	Summit Middle School PTO	Total
2,394	3,305	-	5,403	-	11,095	3,337	76,731
-	-	-	-	-	-	1,148	6,081
-	-	-	-	-	1,000	-	2,000
63,486	64,209	17,806	88,560	89,210	-	13,135	692,872
65,880	67,514	17,806	93,963	89,210	12,095	17,620	777,684
32,603	35,752	16,509	12,050	71,019	11,275	11,285	328,696
120	264	618	388	1,540	-	124	13,053
38,208	33,767	566	64,039	32,161	-	138	380,103
70,931	69,783	17,693	76,477	104,720	11,275	11,547	721,852
(5,051)	(2,269)	113	17,486	(15,510)	820	6,073	55,832
75	774	-	286	812	-	-	11,564
-	-	-	-	-	-	-	4,879
75	774	-	286	812	-	-	16,443
(4,976)	(1,495)	113	17,772	(14,698)	820	6,073	72,275
20,683	25,554	-	26,070	52,390	2,562	-	376,745
15,707	24,059	113	43,842	37,692	3,382	6,073	449,020

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2005

(1) **Summary of Significant Accounting Policies**

The Johnston Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the city of Johnston, Iowa; portions of Johnston, Des Moines, Granger and Grimes, Iowa; and other unincorporated areas of Polk County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Johnston Community School District has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District.

Discrete Component Units

Johnston Community School Foundation is a legally separate not-for-profit entity. Johnston Community School Foundation was established for the purpose of providing additional educational opportunities for the students and faculty of Johnston Community School District. Although the District does not control the timing or amount of receipts from Johnston Community School Foundation, the majority of the resources that are held are used for the benefit of Johnston Community School District.

Johnston High School Booster Club is a legally separate not-for-profit entity. Johnston High School Booster Club was established for the purpose of providing additional educational and athletic opportunities for the students of Johnston Community School District. Although the District does not control the timing or amount of receipts from Johnston High School Booster Club, the majority of the resources that are held are used for the benefit of Johnston Community School District.

Friends of Johnston ELP is a legally separate not-for-profit entity. Friends of Johnston ELP was established for the purpose of providing additional educational opportunities for the students of Johnston Community School District. Although the District does not control the timing or amount of receipts from Friends of Johnston ELP, the majority of the resources that are held are used for the benefit of Johnston Community School District.

Johnston Middle School PTO is a legally separate not-for-profit entity. Johnston Middle School PTO was established for the purpose of providing additional educational and recreational opportunities for the students of Johnston Community School District. Although the District does not control the timing or amount of receipts from Johnston Middle School PTO, the majority of the resources that are held are used for the benefit of Johnston Community School District.

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2005

Beaver Creek Elementary PTO is a legally separate not-for-profit entity. Beaver Creek Elementary PTO was established for the purpose of providing additional educational and recreational opportunities for the students of Johnston Community School District. Although the District does not control the timing or amount of receipts from Beaver Creek Elementary PTO, the majority of the resources that are held are used for the benefit of Johnston Community School District.

Horizon Elementary PTO is a legally separate not-for-profit entity. Horizon Elementary PTO was established for the purpose of providing additional educational and recreational opportunities for the students of Johnston Community School District. Although the District does not control the timing or amount of receipts from Horizon Elementary PTO, the majority of the resources that are held are used for the benefit of Johnston Community School District.

Lawson Elementary PTO is a legally separate not-for-profit entity. Lawson Elementary PTO was established for the purpose of providing additional educational and recreational opportunities for the students of Johnston Community School District. Although the District does not control the timing or amount of receipts from Lawson Elementary PTO, the majority of the resources that are held are used for the benefit of Johnston Community School District.

Wallace Elementary PTO is a legally separate not-for-profit entity. Wallace Elementary PTO was established for the purpose of providing additional educational and recreational opportunities for the students of Johnston Community School District. Although the District does not control the timing or amount of receipts from Wallace Elementary PTO, the majority of the resources that are held are used for the benefit of Johnston Community School District.

Johnston Community Schools Washington D.C. Club is a legally separate not-for-profit entity. Johnston Community Schools Washington D.C. Club was established for the purpose of providing additional educational and recreational opportunities for the students of Johnston Community School District. Although the District does not control the timing or amount of receipts from Johnston Community Schools Washington D.C. Club, the majority of the resources that are held are used for the benefit of Johnston Community School District.

Johnston Band Parents is a legally separate not-for-profit entity. Johnston Band Parents was established for the purpose of providing additional opportunities for the students of Johnston Community School District. Although the District does not control the timing or amount of receipts from Johnston Parents Boosters, the majority of the resources that are held are used for the benefit of Johnston Community School District.

Johnston Vocal Parents is a legally separate not-for-profit entity. Johnston Vocal Parents was established for the purpose of providing additional opportunities for the students of Johnston Community School District. Although the District does not control the timing or amount of receipts from Johnston Vocal Parents, the majority of the resources that are held are used for the benefit of Johnston Community School District.

Johnston High School After Prom is a legally separate not-for-profit entity. Johnston High School After Prom was established for the purpose of providing additional recreational opportunities for the students of Johnston Community School District. Although the District does not control the timing or amount of receipts from Johnston High School After Prom, the majority of the resources that are held are used for the benefit of Johnston Community School District.

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2005

Summit Middle School PTO is a legally separate not-for-profit entity. Summit Middle School PTO was established for the purpose of providing additional educational and recreational opportunities for the students of Johnston Community School District. Although the District does not control the timing or amount of receipts from Summit Middle School PTO, the majority of the resources that are held are used for the benefit of Johnston Community School District.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Polk County Assessor's Conference Board.

B. Basis of Presentation

Government-wide financial statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2005

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the District reports the following fund types:

Governmental Funds:

1. Nonmajor Special Revenue Funds - The District accounts for resources restricted to, or designated for, a specific purpose by the District or a grantor in a special revenue fund. State and Local financial assistance is accounted for in a State or Local Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

2. Enterprise Funds - The District accounts for food service operations, community daycare operations and community education service operations in the Enterprise Funds.
3. Internal Service Funds - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Funds are the Health and Dental Insurance and Flex Benefit Funds.

Fiduciary Funds:

4. Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the Student Memorial Fund.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2005

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The District maintains a cash and investment pool used by all funds. The cash and investment pool has the same characteristics as demand deposits. Each fund type's portion of this pool is displayed in the financial statements as cash and cash equivalents in that fund. The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The monies are either maintained in a central bank account or used to purchase legal investments.

It is the policy of the District to value investment contracts and money market investments with a maturity of one year or less at the time of purchase at cost or amortized cost. Investment contracts and money market investments that had a remaining maturity of greater than one year at the time of purchase are reported at fair value.

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2005

The District has invested funds in the Iowa Schools Joint Investment Trust (ISJIT). ISJIT is an investment pool managed by the trustee, Bankers Trust, which allows governments within the State to pool their funds for investment purposes. ISJIT is registered with the SEC as an investment company and operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in ISJIT are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Property Tax Receivable – Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2004.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 3,500
Buildings	3,500
Improvements other than buildings	3,500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,500

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2005

Capital assets (with the exception of land, which is not depreciated) are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Interfund Activity - Transfers between governmental and business type activities on the government-wide statements are reported in the same manner as general revenues. Sales of goods and services between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Assets, except for amounts due between governmental and business type activities, which are presented as internal balances.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and prepaid student lunch accounts that will not be recognized as revenue until earned.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. However, these benefits must be used by the end of the following fiscal year, June 30, 2006. As such, these benefits are reported as a current liability in the General Fund as part of salaries and benefits payable.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2005

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules - Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget. During the year ended June 30, 2005, disbursements in the other expenditures functional area exceeded the amount budgeted.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2005, the District had investments in the Iowa Schools Joint Investment Trust as follows:

Diversified Portfolio	<u>\$10,755,484</u>
-----------------------	---------------------

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were both rated Aaa by Moody's Investors Service.

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2005**(3) Interfund Transactions**

Interfund loans on the fund statements at June 30, 2005 consist of the following receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental Fund:		
General	\$ 112,323	-
Capital Projects	17,538	13,514
Special Revenue - Student Activity		114,871
Special Revenue - Physical Plant and Equipment Levy		4,024
Proprietary Fund:		
Community Education	2,548	-
Total	<u>\$ 132,409</u>	<u>132,409</u>

Interfund transfers on the fund statements at June 30, 2005 consist of the following:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General Fund	Special Revenue Fund - Student Activity	\$ 113,323
Proprietary Fund - Community Education	General Fund	15,000
Proprietary Fund - Community Education	Special Revenue Fund - Student Activity	1,548
Debt Service Fund	Special Revenue Fund- Physical Plant and Equipment Levy	742,690
Debt Service Fund	Capital Projects Fund	<u>10,369,231</u>
		<u>\$11,241,792</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2005**(4) Capital Assets**

Capital assets activity for the year ended June 30, 2005 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,519,009	45,334	-	2,564,343
Construction in progress	15,039,664	-	15,039,664	-
Total capital assets not being depreciated	17,558,673	45,334	15,039,664	2,564,343
Capital assets being depreciated:				
Buildings	56,078,677	18,339,008	-	74,417,685
Improvements other than buildings	1,989,156	153,881	-	2,143,037
Furniture and equipment	3,530,204	562,441	-	4,092,645
Total capital assets being depreciated	61,598,037	19,055,330	-	80,653,367
Less accumulated depreciation for:				
Buildings	15,511,691	1,494,265	-	17,005,956
Improvements other than buildings	1,337,109	80,269	-	1,417,378
Furniture and equipment	2,952,539	219,222	-	3,171,761
Total accumulated depreciation	19,801,339	1,793,756	-	21,595,095
Total capital assets being depreciated, net	41,796,698	17,261,574	-	59,058,272
Governmental activities capital assets, net	\$ 59,355,371	17,306,908	15,039,664	61,622,615
Business type activities:				
Furniture and equipment	\$ 861,203	383,419	-	1,244,622
Less accumulated depreciation	459,990	104,233	-	564,223
Business-type activities capital assets, net	\$ 401,213	279,186	-	680,399

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular

\$ 1,574,132

Other

10,517

Support services:

Student services

1,451

Instructional staff services

3,740

Administration

35,580

Operation and maintenance of plant

21,540

Transportation

146,796

1,793,756

Unallocated

-

Total depreciation expense - governmental activities

\$ 1,793,756

Business type activities:

Food services

\$ 95,130

Community Daycare

5,402

Community Education

3,701

\$ 104,233

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2005

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2005 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
General obligation bonds	\$ 18,050,000	-	1,235,000	16,815,000	1,565,000
Revenue bonds	7,485,000	12,155,000	10,140,000	9,500,000	2,250,000
Capital loan notes	5,900,000	-	600,000	5,300,000	610,000
Early retirement	704,135	387,129	111,053	980,211	161,563
	<u>\$ 32,139,135</u>	<u>12,542,129</u>	<u>12,086,053</u>	<u>32,595,211</u>	<u>4,586,563</u>

Early Retirement

The District offers a voluntary early retirement plan for all employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 30% of the average of the employee's highest three year's salary in the twelve years prior to retirement. Early retirement benefits paid during the year ended June 30, 2005, totaled \$111,053.

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2005General Obligation Bonds Payable

Details of the District's June 30, 2005 general obligation bonded indebtedness are as follows:

Bond Issue of March 1, 1996				
Year Ending June 30,	Rates	Principal	Interest	Total
2006	4.60%	\$ 500,000	401,525	901,525
2007	4.75%	525,000	378,525	903,525
2008	4.90%	600,000	353,588	953,588
2009	5.00%	600,000	324,188	924,188
2010	5.10%	675,000	294,188	969,188
2011	5.15%	725,000	259,763	984,763
2012	5.20%	750,000	222,425	972,425
2013	5.25%	1,110,000	183,425	1,293,425
2014	5.30%	1,150,000	125,150	1,275,150
2015	5.35%	1,200,000	64,200	1,264,200
Subtotal		7,835,000	2,606,977	10,441,977

Bond Issue of April 1, 1997				
Year Ending June 30,	Rates	Principal	Interest	Total
2006	6.10%	\$ 270,000	182,433	452,433
2007	6.00%	275,000	165,963	440,963
2008	5.10%	300,000	149,463	449,463
2009	5.20%	300,000	134,163	434,163
2010	5.30%	300,000	118,563	418,563
2011	5.375%	300,000	102,663	402,663
2012	5.375%	310,000	86,538	396,538
2013	5.375%	325,000	69,875	394,875
2014	5.375%	325,000	52,406	377,406
2015	5.375%	325,000	34,938	359,938
2016	5.375%	325,000	17,469	342,469
Subtotal		3,355,000	1,114,474	4,469,474

Refunding Bond Issue of April 1, 2003				
Year Ending June 30,	Rates	Principal	Interest	Total
2006	2.50%	\$ 795,000	153,140	948,140
2007	2.50%	780,000	133,265	913,265
2008	2.50%	770,000	113,765	883,765
2009	2.50%	805,000	94,515	899,515
2010	2.80%	790,000	74,390	864,390
2011	3.00%	825,000	52,270	877,270
2012	3.20%	860,000	27,520	887,520
Subtotal		5,625,000	648,865	6,273,865

Totals				
Year Ending June 30,		Principal	Interest	Total
2006		\$ 1,565,000	737,098	2,302,098
2007		1,580,000	677,753	2,257,753
2008		1,670,000	616,816	2,286,816
2009		1,705,000	552,866	2,257,866
2010		1,765,000	487,141	2,252,141
2011		1,850,000	414,696	2,264,696
2012		1,920,000	336,483	2,256,483
2013		1,435,000	253,300	1,688,300
2014		1,475,000	177,556	1,652,556
2015		1,525,000	99,138	1,624,138
2016		325,000	17,469	342,469
Total		\$ 16,815,000	4,370,316	21,185,316

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2005

Revenue Bonds Payable

Details of the District's June 30, 2005 local option sales and service tax revenue bonded indebtedness are as follows:

Revenue Bond Issue of April 1, 2005				
Year Ending June 30,	Rates	Principal	Interest	Total
2006	3.06%	\$ 2,250,000	363,375	2,613,375
2007	3.06%	2,365,000	221,850	2,586,850
2008	3.06%	2,415,000	149,481	2,564,481
2009	3.06%	2,470,000	75,582	2,545,582
Total		<u>\$ 9,500,000</u>	<u>810,288</u>	<u>10,310,288</u>

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) \$950,000 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

The District complied with all of the provisions during the year ended June 30, 2005.

Capital Loan Notes Payable

Capital Loan Note of June 1, 2003				
Year Ending June 30,	Rates	Principal	Interest	Total
2006	2.00%	\$ 610,000	130,290	740,290
2007	2.00%	625,000	118,090	743,090
2008	2.25%	635,000	105,590	740,590
2009	2.25%	650,000	91,302	741,302
2010	2.75%	660,000	76,678	736,678
2011	2.65%	685,000	58,527	743,527
2012	2.75%	705,000	40,375	745,375
2013	2.875%	730,000	20,988	750,988
Total		<u>\$ 5,300,000</u>	<u>641,840</u>	<u>5,941,840</u>

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2005

At the school election held on September 10, 2002, a special proposition authorizing the levy of tax not exceeding one dollar and thirty-four cents per one hundred thousand dollars of assessed value was adopted and approved by the electors. In order to make the proceeds of this voted tax immediately available, the Board of Directors, pursuant to Iowa Code section 297.36, authorized the sale of \$6,500,000 of capital loan notes.

(6) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2005, 2004 and 2003, were \$1,328,575, \$1,199,363, and \$1,142,384, respectively, equal to the required contributions for each year.

(7) Risk Management

Johnston Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. During the year ended June 30, 2005, there were no significant reductions in coverage. In addition, over the past three fiscal years, settlement amounts did not exceed insurance coverage.

In addition to the above, the District operates a partially self-funded insurance program administered by a third party administrator for its employees' and eligible dependents' medical benefits. The program is supplemented by stop loss protection, which limits the District's liability to \$50,000 per individual medical claim or an aggregate limit of 125% during the period July 1, 2004 through June 30, 2005.

The District operates a totally self-funded insurance program administered by a third party administrator for its employees' and eligible dependents' dental benefits. The program liability is limited to \$1,000 per individual per year.

Both plans receive an annual actuarial opinion and an annual report is filed with the State of Iowa Insurance Division. The insurance claims liability of \$375,066 reported at June 30, 2005 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Changes in the fund's claims liability amount for the year ended June 30, 2005 follows:

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2005

Year ending June 30,	Liability	July	Current Claims and Changes in Estimates	Claim Payments	Liability June 30
2005	\$	-	3,483,901	3,108,835	375,066

The District operates a Section 125/Flex Plan whereby employee contributions are made through payroll deduction and eligible expenses are reimbursed on a weekly basis.

The above plans are reported in the Internal Services Fund.

(8) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$1,261,795 for the year ended June 30, 2005 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

(9) Subsequent Events

On June 7, 2005, a general obligation bond referendum in the amount of \$36,500,000 was approved. No bonds had been issued as of the date of this report. This referendum was approved as part of the December, 2004 board-approved facility plan which includes the following projects:

	Estimate In Millions
New elementary	\$16.7
Remodel/Expand middle school	4.7
Remodel/Expand high school	9.7
Expand existing elementary buildings	1.9
Expand support services facility	1.5
Activity/Athletic facility improvements	1.0
Purchase future building site	1.0
Total estimated costs	<u>\$36.5</u>

Required Supplementary Information

JOHNSTON COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN BALANCES - BUDGET AND ACTUAL (GAAP BASIS) - ALL GOVERNMENTAL
FUND TYPES AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2005

	Governmental Fund Types- Actual	Proprietary Fund Type- Actual
Revenues:		
Local sources	\$ 28,748,689	3,691,583
State sources	17,287,021	83,100
Federal sources	453,730	358,669
Total revenues	<u>46,489,440</u>	<u>4,133,352</u>
Expenditures:		
Instruction	25,065,407	-
Support services	10,704,449	-
Noninstructional programs	5,843	3,934,934
Other expenditures	19,345,380	-
Total expenditures	<u>55,121,079</u>	<u>3,934,934</u>
Excess (deficiency) of revenues over (under) expenditures	(8,631,639)	198,418
Other financing sources, net	<u>12,138,452</u>	<u>302,416</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	3,506,813	500,834
Balances beginning of year	<u>2,473,391</u>	<u>1,696,880</u>
Balances end of year	<u><u>\$ 5,980,204</u></u>	<u><u>2,197,714</u></u>

See accompanying independent auditor's report.

Total Actual	Final Budget	Final to Actual Variance- Positive (Negative)
32,440,272	31,629,916	810,356
17,370,121	17,128,881	241,240
812,399	679,000	133,399
50,622,792	49,437,797	1,184,995
25,065,407	26,744,881	1,679,474
10,704,449	13,276,728	2,572,279
3,940,777	5,150,976	1,210,199
19,345,380	11,067,684	(8,277,696)
59,056,013	56,240,269	(2,815,744)
(8,433,221)	(6,802,472)	(1,630,749)
12,440,868	1,280,000	11,160,868
4,007,647	(5,522,472)	9,530,119
4,170,271	3,361,108	809,163
8,177,918	(2,161,364)	10,339,282

JOHNSTON COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
Year ended June 30, 2005

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the modified accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2005, disbursements in the other expenditure functional area exceeded the amount budgeted.

Other Supplementary Information

JOHNSTON COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2005

	Management	Student Activity	Physical Plant and Equipment Levy	Total
Assets				
Current Assets:				
Cash and pooled investments	\$ 227,655	440,072	1,820,009	2,487,736
Receivables:				
Property tax:				
Current year delinquent	2,697	-	6,022	8,719
Succeeding year	850,003	-	2,154,416	3,004,419
Accounts	1,250	-	-	1,250
Accrued interest	-	-	2,250	2,250
Total assets	\$ 1,081,605	440,072	3,982,697	5,504,374
Liabilities and Fund Balances				
Current Liabilities:				
Accounts payable	\$ -	35,309	98,077	133,386
Due to other funds	-	114,871	4,024	118,895
Early retirement payable	161,563	-	-	161,563
Deferred revenue:				
Succeeding year property tax	850,003	-	2,154,416	3,004,419
Total liabilities	<u>1,011,566</u>	<u>150,180</u>	<u>2,256,517</u>	<u>3,418,263</u>
Fund balances:				
Unreserved	<u>70,039</u>	<u>289,892</u>	<u>1,726,180</u>	<u>2,086,111</u>
Total liabilities and fund balances	\$ 1,081,605	440,072	3,982,697	5,504,374

See accompanying independent auditor's report.

JOHNSTON COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 Year ended June 30, 2005

	Management	Student Activity	Physical Plant and Equipment Levy	Total
Revenues:				
Local sources:				
Local tax:				
Property tax	\$ 814,491	-	1,986,982	2,801,473
Utility tax replacement excise tax	32,014	-	69,579	101,593
Mobile home tax	1,107	-	3,178	4,285
	<u>847,612</u>	<u>-</u>	<u>2,059,739</u>	<u>2,907,351</u>
Other local sources:				
Interest on investments	-	-	31,517	31,517
Student activities	-	269,961	-	269,961
Donations	-	59,372	12,470	71,842
Other local revenue	10,162	473,462	-	483,624
	<u>10,162</u>	<u>802,795</u>	<u>43,987</u>	<u>856,944</u>
	<u>857,774</u>	<u>802,795</u>	<u>2,103,726</u>	<u>3,764,295</u>
State sources:				
Revenue in lieu of taxes :				
Military credit	287	-	628	915
Total revenues	<u>858,061</u>	<u>802,795</u>	<u>2,104,354</u>	<u>3,765,210</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction:				
Benefits	468,874	-	-	468,874
	<u>468,874</u>	<u>-</u>	<u>-</u>	<u>468,874</u>
Co-curricular instruction:				
Purchased services	-	119,921	-	119,921
Supplies	-	569,082	-	569,082
Property	-	33,854	-	33,854
Other	-	48,488	-	48,488
	<u>-</u>	<u>771,345</u>	<u>-</u>	<u>771,345</u>
Adult/Continuing ed instruction:				
Benefits	1,219	-	-	1,219
	<u>1,219</u>	<u>-</u>	<u>-</u>	<u>1,219</u>
Total instruction	<u>470,093</u>	<u>771,345</u>	<u>-</u>	<u>1,241,438</u>

JOHNSTON COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 Year ended June 30, 2005

Continued from previous page

Expenditures:

Current:

Support Services:

Student support:

Benefits

Management	Student Activity	Physical Plant and Equipment Levy	Total
20,120	-	-	20,120

Instructional staff support:

Benefits

14,355	-	-	14,355
--------	---	---	--------

General administration:

Benefits

3,544

-

-

3,544

Purchased services

39,790

-

-

39,790

43,334

-

-

43,334

Building administration:

Benefits

35,237

-

-

35,237

Business administration:

Benefits

4,995

-

-

4,995

Purchased services

-

-

-

-

Property

-

-

-

-

4,995

-

-

4,995

Plant operation and maintenance:

Benefits

20,799

-

-

20,799

Purchased services

77,700

-

274,959

352,659

Property

-

-

157,399

157,399

98,499

-

432,358

530,857

Student transportation:

Benefits

15,649

-

-

15,649

Purchased services

30,444

-

-

30,444

Property

-

-

279,542

279,542

46,093

-

279,542

325,635

Total support services

262,633

-

711,900

974,533

JOHNSTON COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 Year ended June 30, 2005

	Management	Student Activity	Physical Plant and Equipment Levy	Total
Continued from previous page				
Non-instructional Programs:				
Food services				
Benefits	6	-	-	6
Community service & education:				
Purchased services	5,130	-	-	5,130
Total non-instructional programs	5,136	-	-	5,136
Expenditures:				
Capital outlay:				
Other expenditures:				
Facilities acquisition:				
Purchased services	-	-	7,933	7,933
Property	-	-	45,379	45,379
Other	-	-	33,587	33,587
	-	-	86,899	86,899
Total expenditures	737,862	771,345	798,799	2,308,006
Excess of revenues over expenditures	120,199	31,450	1,305,555	1,457,204
Other financing uses:				
Operating transfers out	-	(114,871)	(742,690)	(857,561)
Total other financing uses	-	(114,871)	(742,690)	(857,561)
Excess (deficiency) of revenues over (under) expenditures and other financing uses	120,199	(83,421)	562,865	599,643
Fund balances beginning of year	(50,160)	373,313	1,163,315	1,486,468
Fund balances end of year	\$ 70,039	289,892	1,726,180	2,086,111

See accompanying independent auditor's report.

JOHNSTON COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2005

	Business Type Activities				Governmental
	Enterprise Funds				Activities
	Community Education	Community Daycare	School Nutrition	Total	Internal Service Fund
Assets					
Current assets:					
Cash and cash equivalents	\$ 246,639	589,784	775,852	1,612,275	966,034
Receivables:					
Accounts	13,492	633	8,660	22,785	3,244
Due from other funds	2,548	-	-	2,548	-
Inventories	-	-	42,180	42,180	-
Total current assets	262,679	590,417	826,692	1,679,788	969,278
Non-current assets:					
Property and equipment:					
Machinery and equipment	29,314	69,369	1,145,939	1,244,622	-
Accumulated depreciation	(7,330)	(49,536)	(507,357)	(564,223)	-
Total non-current assets	21,984	19,833	638,582	680,399	-
Total assets	284,663	610,250	1,465,274	2,360,187	969,278
Liabilities					
Current liabilities:					
Accounts payable	11,757	17,066	18,639	47,462	277,630
Insurance claims liability	-	-	-	-	375,066
Accrued salaries and benefits payable	-	-	65,240	65,240	-
Deferred revenues	-	-	38,641	38,641	-
Compensated absences payable	764	8,265	2,101	11,130	-
Total current liabilities	12,521	25,331	124,621	162,473	652,696
Net Assets					
Invested in capital assets, net of related debt	21,984	19,833	638,582	680,399	-
Unrestricted	250,158	565,086	702,071	1,517,315	316,582
Total net assets	\$ 272,142	584,919	1,340,653	2,197,714	316,582

See accompanying independent auditor's report.

JOHNSTON COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 Year ended June 30, 2005

	Business Type Activities				Governmental
	Enterprise Funds				Activities
	Community Education	Community Daycare	School Nutrition	Total	Internal Service Fund
Operating revenues:					
Local sources:					
Other local sources:					
Food service sales	\$ -	-	1,578,301	1,578,301	-
Daycare service fees	-	1,564,964	-	1,564,964	-
Community education fees	459,342	-	-	459,342	-
Charges for services					3,800,483
Rentals	87,722	-	-	87,722	-
Contributions	1,254	-	-	1,254	-
Total operating revenues	548,318	1,564,964	1,578,301	3,691,583	3,800,483
Operating expenses:					
Non-instructional programs:					
Food services operations:					
Salaries	-	-	551,934	551,934	-
Benefits	-	-	167,292	167,292	-
Services	-	-	55,824	55,824	-
Supplies	-	-	943,943	943,943	-
Other	-	-	2,005	2,005	-
Depreciation	-	-	95,130	95,130	-
	-	-	1,816,128	1,816,128	-
Community service operations:					
Salaries	342,712	1,028,602	-	1,371,314	-
Benefits	70,127	183,207	-	253,334	-
Services	79,475	148,879	-	228,354	3,483,901
Supplies	94,824	154,306	-	249,130	-
Property	2,056	1,739	-	3,795	-
Other	1,819	1,957	-	3,776	-
Depreciation	3,701	5,402	-	9,103	-
	594,714	1,524,092	-	2,118,806	3,483,901
Total operating expenses	594,714	1,524,092	1,816,128	3,934,934	3,483,901
Operating income (loss)	(46,396)	40,872	(237,827)	(243,351)	316,582
Non-operating revenues:					
State grants	59,330	2,800	-	62,130	-
State lunch and breakfast program claims	-	-	20,970	20,970	-
Federal Milk Program	-	-	2,777	2,777	-
Federal Fruit and Vegetable Grant	-	-	37,253	37,253	-
National School Lunch Program	-	-	213,795	213,795	-
School Breakfast Program	-	-	17,880	17,880	-
Federal food commodities revenue	-	-	86,964	86,964	-
Total non-operating revenues	59,330	2,800	379,639	441,769	-

Schedule 4

JOHNSTON COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 Year ended June 30, 2005

	Business Type Activities				Governmental
	Enterprise Funds				Activities
	Community Education	Community Daycare	School Nutrition	Total	Internal Service Fund
<i>Continued from previous page</i>					
Income before transfers	12,934	43,672	141,812	198,418	316,582
Capital contribution	-	-	285,868	285,868	-
Transfers in	16,548	-	-	16,548	-
Changes in net assets	29,482	43,672	427,680	500,834	316,582
Net assets beginning of year	242,660	541,247	912,973	1,696,880	-
Net assets end of year	\$ 272,142	584,919	1,340,653	2,197,714	316,582

See accompanying independent auditor's report.

JOHNSTON COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2005

	Business Type Activities				Governmental
	Enterprise Funds				Activities
	Community Education	Community Daycare	School Nutrition	Total	Internal Service Fund
Cash flows from operating activities:					
Cash received from sale of lunches and breakfasts	\$ -	-	1,578,773	1,578,773	-
Cash received from community services	546,645	1,564,106	-	2,110,751	3,797,239
Cash payments to employees for services	(412,718)	(1,214,898)	(716,401)	(2,344,017)	-
Cash payments to suppliers for goods or services	(181,751)	(341,969)	(886,395)	(1,410,115)	(2,831,205)
Net cash provided (used) by operating activities	(47,824)	7,239	(24,023)	(64,608)	966,034
Cash flows from non-capital financing activities:					
State grants received	59,330	2,800	20,970	83,100	-
Federal grants received	-	-	271,705	271,705	-
Transfers in	16,548	-	-	16,548	-
Net cash provided by non-capital financing activities	75,878	2,800	292,675	371,353	-
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(19,446)	(8,482)	(69,623)	(97,551)	-
Net increase in cash and cash equivalents	8,608	1,557	199,029	209,194	966,034
Cash and cash equivalents at beginning of year	238,031	588,227	576,823	1,403,081	-
Cash and cash equivalents at end of year	\$ 246,639	589,784	775,852	1,612,275	966,034
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (46,396)	40,872	(237,827)	(243,351)	316,582
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Commodities used	-	-	86,964	86,964	-
Depreciation	3,701	5,402	95,130	104,233	-
(Increase) decrease in accounts receivable	875	(633)	(4,360)	(4,118)	(3,244)
(Increase) decrease in due from other funds	(2,548)	-	-	(2,548)	-
Decrease in inventories	-	-	10,312	10,312	-
Increase (decrease) in accounts payable	(3,577)	(35,088)	18,101	(20,564)	277,630
Increase in insurance claims liability	-	-	-	-	375,066
Increase (decrease) in salaries and benefits payable	121	(3,089)	2,825	(143)	-
Increase (decrease) in deferred revenue	-	(225)	4,832	4,607	-
Net cash provided (used) by operating activities	\$ (47,824)	7,239	(24,023)	(64,608)	966,034
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:					
Current assets:					
Cash and investments	\$ 246,639	589,784	775,852	1,612,275	966,034
Cash and cash equivalents at year end	\$ 246,639	589,784	775,852	1,612,275	966,034

Non-cash investing, capital and financing activities:

During the year ended June 30, 2005, the District received federal commodities valued at \$86,964.

See accompanying independent auditor's report.

JOHNSTON COMMUNITY SCHOOL DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
June 30, 2005

Governmental funds capital assets

Land and improvements	\$ 4,707,380
Buildings and improvements	74,417,685
Vehicles, furniture and equipment	<u>4,092,645</u>
Total governmental funds capital assets	<u><u>\$ 83,217,710</u></u>

Investments in governmental funds capital assets by source

General Fund	\$ 3,824,838
Special Revenue Funds	4,498,727
Capital Projects Funds	<u>74,894,145</u>
Total governmental funds capital assets	<u><u>\$ 83,217,710</u></u>

See accompanying independent auditor's report.

JOHNSTON COMMUNITY SCHOOL DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2005

Function and Activity	Land and Improvements	Buildings and Improvements	Vehicles, Furniture and Equipment	Total
Instruction	\$ 4,015,703	73,066,018	1,392,485	78,474,206
Other instruction	371,476	61,506	-	432,982
Support services - students	-	-	14,514	14,514
Support services - instructional staff	-	-	48,868	48,868
Administration	223,860	1,061,714	278,443	1,564,017
Operation and maintenance of plant services	51,007	228,447	175,909	455,363
Student transportation services	45,334	-	2,182,426	2,227,760
Total	<u>\$ 4,707,380</u>	<u>74,417,685</u>	<u>4,092,645</u>	<u>83,217,710</u>

See accompanying independent auditor's report.

JOHNSTON COMMUNITY SCHOOL DISTRICT
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 Year ended June 30, 2005

Function and Activity	General Fixed Assets			General Fixed Assets
	July 1, 2004	Additions	Deletions	June 30, 2005
Instruction	\$ 74,883,011	3,591,195	-	78,474,206
Other instruction	432,982	-	-	432,982
Support services - students	14,514	-	-	14,514
Support services - instructional staff	-	48,868	-	48,868
Administration	1,558,334	5,683	-	1,564,017
Operation and maintenance of plant services	374,125	81,238	-	455,363
Student transportation services	1,893,744	334,016	-	2,227,760
Total	<u>\$ 79,156,710</u>	<u>4,061,000</u>	<u>-</u>	<u>83,217,710</u>

See accompanying independent auditor's report.

JOHNSTON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN INDIVIDUAL STUDENT ACTIVITY ACCOUNTS
Year ended June 30, 2005

Account	Balance Beginning of Year	Transfers In (out)	Revenues	Expendi- tures	Balance End of Year
Administration:					
Functional Living Lab	(57)	57	-	-	-
Elementary Schools:					
Lawson Elementary:					
PTO	1,040	526	1,756	3,322	-
Students Activities	6	2,494	-	-	2,500
Student Organizations	4,805	(9,805)	35,478	30,478	-
Library	1,931	(1,987)	86	30	-
Wallace Elementary:					
PTO	387	(930)	2,250	1,707	-
Student Activities	24,113	(21,597)	20,489	20,505	2,500
Library	4,254	(4,282)	237	209	-
Teachers	343	(343)	-	-	-
Beaver Creek Elementary:					
PTO	(191)	2,583	220	2,612	-
Student Activities	35,151	(27,180)	16,247	21,718	2,500
Library	279	(4,135)	6,728	2,872	-
Horizon Elementary:					
PTO	696	(696)	-	-	-
Library	531	(64)	275	742	-
Student Activities	5,938	(5,761)	17,576	15,253	2,500
Summit Middle School:					
PTO	-	-	4,200	-	4,200
French Club	-	712	-	712	-
Student Council	-	2,017	983	1,368	1,632
Yearbook	7,383	5,316	9,743	10,114	12,328
Vocal Music	-	-	14,174	3,133	11,041
Instrumental Music	200	-	5,929	3,391	2,738
Student Management	(1,466)	21,659	59,162	40,749	38,606
Art Club	-	518	-	-	518
Tech Club	-	9,530	7,447	11,970	5,007
Cheerleading	-	131	11,700	8,171	3,660
MS Pride	-	312	-	-	312
Food Assistance	-	-	2,000	200	1,800
Library	-	349	786	1,135	-
Middle School:					
Dragon Express	-	-	1,600	1,526	74
After School Enrichment	597	(2,141)	2,426	882	-
French Club	1,199	(1,199)	208	-	208
Student Council	3,011	(2,017)	4,928	1,712	4,210
Yearbook	18,555	(5,316)	5,935	12,389	6,785
Vocal Music	-	-	29,746	25,851	3,895
Instrumental Music	1,300	1	3,415	4,456	260
Vending Machine	11,233	(10,836)	-	397	-

JOHNSTON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN INDIVIDUAL STUDENT ACTIVITY ACCOUNTS
Year ended June 30, 2005

Account	Balance Beginning of Year	Transfers In (out)	Revenues	Expendi- tures	Balance End of Year
<i>Continued from previous page</i>					
Leadership Retreat	-	(519)	18,786	18,267	-
Eighth Grade Scholastic	-	(272)	2,615	2,343	-
Student Management	31,063	(18,444)	29,450	27,635	14,434
Art Club	518	(388)	-	130	-
Tech Club	9,507	(9,447)	-	60	-
Juice Machine	83	(83)	-	-	-
Science Club	206	(206)	-	-	-
Health Club	154	(154)	-	-	-
Cheerleading	263	(132)	-	-	131
MS Pride	466	(312)	-	-	154
Library	8,708	(7,609)	37	1,136	-
High School:					
Teen Leadership	957	-	-	369	588
French Club	62	-	60	85	37
Spanish Club	6,813	-	-	1,447	5,366
Drama Club	3,109	-	2,037	1,671	3,475
Student Council	4,917	450	11,407	9,866	6,908
National Honor Society	19	-	2,298	2,225	92
Senior Class	1,317	-	13,684	10,708	4,293
Yearbook	63,013	-	44,489	42,112	65,390
Vocal Music	532	-	26,745	25,369	1,908
Instrumental Music	2,622	(1)	8,064	9,933	752
Academic Competition	2,333	-	310	2,170	473
Key Club	450	(450)	-	-	-
Vending Machine	7,302	(7,847)	1,740	1,195	-
Circle of Friends	362	-	-	17	345
Leadership Retreat	5,656	(5,193)	12,952	13,415	-
SADD	157	(1)	-	-	156
Diversity Committee	959	-	-	-	959
Student Management	10,219	(2,555)	5,599	5,682	7,581
Alumni	2,548	(2,548)	-	-	-
Tech Club	791	-	1,196	1,466	521
Art	524	(541)	1,954	1,937	-
Industrial Tech	1,349	(1,349)	-	-	-
Family/Consumer Science	511	(511)	-	-	-
Memorial	1,118	(1,118)	-	-	-
Library	5,064	(2,977)	1,548	3,635	-
Athletics	78,403	(580)	352,100	360,868	69,055
Total	\$ 373,313	(114,871)	802,795	771,345	289,892

See accompanying independent auditor's report.

JOHNSTON COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 Year ended June 30, 2005

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash	\$ -	4,375	-	4,375
Total assets	\$ -	4,375	-	4,375
Liabilities				
Accounts payable	-	4,375	-	4,375
Total liabilities	\$ -	4,375	-	4,375

See accompanying independent auditor's report.

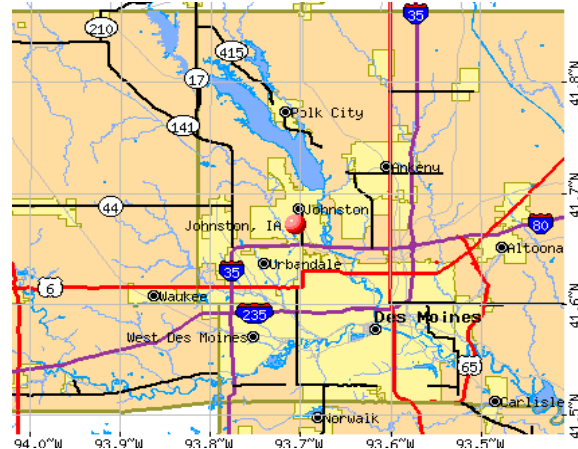
JOHNSTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST FOUR YEARS

	Modified Accrual Basis			
	2005	2004	2003	2002
Revenues:				
Local sources:				
Local tax	\$ 19,415,894	17,315,386	14,341,486	12,602,902
Tuition	3,155,907	2,894,604	2,639,991	2,580,725
Other	6,176,888	5,652,563	5,414,135	5,269,686
State sources	17,287,021	15,584,614	15,434,525	14,401,664
Federal sources	453,730	475,152	449,584	418,530
Total	<u>\$ 46,489,440</u>	<u>41,922,319</u>	<u>38,279,721</u>	<u>35,273,507</u>
Expenditures:				
Instruction:				
Regular instruction	\$ 16,682,152	14,923,600	13,619,433	12,451,952
Special instruction	6,196,627	5,449,798	4,021,880	4,251,401
Other instruction	2,186,628	2,082,883	2,531,466	1,960,933
Support services:				
Student services	1,123,216	1,082,857	1,177,213	1,241,772
Instructional staff services	1,452,473	1,309,542	2,393,225	2,694,811
Administration services	2,668,177	2,566,722	2,559,434	2,366,753
Operation and maintenance of plant services	3,596,527	3,095,173	2,548,618	2,369,529
Transportation services	1,846,703	1,460,984	1,342,785	1,185,349
Central support services	17,353	171,047	120,205	-
Non-instructional programs:				
Food services	713	646	-	-
Community services and education	5,130	2,508	-	-
Other expenditures:				
Facilities acquisition	4,949,087	15,198,700	2,199,651	4,602,807
Long-term debt:				
Principal	11,975,000	3,620,000	9,415,000	11,370,000
Interest and other charges	1,159,498	1,187,814	1,266,343	1,676,142
AEA flowthrough	1,261,795	1,176,050	1,179,686	1,104,898
Total	<u>\$ 55,121,079</u>	<u>53,328,324</u>	<u>44,374,939</u>	<u>47,276,347</u>

See accompanying independent auditor's report.

GENERAL INFORMATION

The Johnston Community School District is located in central Iowa within the Des Moines Metropolitan area. Included within the District's 25,344 acres are the Cities of Johnston and portions of Des Moines, Urbandale and Grimes. Transportation facilities are provided by U.S. Interstates 35 & 80, Iowa Highway 401, as well as numerous paved county roads. Commercial airline service is available at the Des Moines International Airport. Commercial development within the District has been greatly enhanced by the continued growth of the northwestern portion of the metropolitan area. Residential growth and recreational opportunities within the District have been enhanced by the construction of Saylorville Lake, a U.S. Corps of Engineers flood control dam impounding the Des Moines River.



The three major employers within the District are Pioneer Hi-Bred International, Inc., Iowa National Guard-Camp Dodge, and John Deere Credit. Pioneer Hi-Bred International, Inc. is an internationally known producer of hi-bred seed. Employing over 1,000 persons within the District, Pioneer's facilities within Johnston (approximately 500,000 square feet office and laboratory space) include the Central Division Offices, Plant Breeding Division, Pioneer Data Systems Division, and Green Meadows Limited. Iowa National Guard-Camp Dodge is a military division of public defense and employs over 500 persons.

Continuing education centers within commuting distance include: Drake University, Des Moines; Grand View College, Des Moines; University of Osteopathic Medicine, Des Moines; Iowa State University of Science and Technology, Ames; Simpson College, Indianola; and Area XI Des Moines Area Community College, Ankeny.

Major Taxpayers

Presented below is a list of the major taxpayers within the Johnston Community School District and their 2003 assessed valuation:

<u>Name</u>	2003	% of Total
PIONEER HI-BRED CO	\$ 64,198,400	5.19%
DEUTSCHE BANK AG	27,643,000	2.24%
VILLAGE COURT ASSOC	24,199,300	1.96%
MANSIONS AT HEMINGWAY L.L.C.	21,149,600	1.71%
MID-AMERICA INV CO	15,836,000	1.28%
GALILEO APOLLO VI SUB LLC	13,603,000	1.10%
TARGET CORPORATION	13,139,000	1.06%
INTERSTATE BUS PARK LLC	12,892,000	1.04%
GREEN MEADOWS, LTD	12,144,000	0.98%
SPIRIT SPE JOHNSTON LLC	11,660,000	0.94%
Total Assessed Valuation	<u>\$ 1,235,989,675</u>	<u>16.57%</u>

Source: Polk County Assessor

Population:

Official census figures for the incorporated City of Johnston since its incorporation in 1969:

Year	Population
2004*	12,834
2003*	11,742
2002*	10,483
2001*	9,506
2000	8,649
1995	6,113
1990	4,702
1980	2,617
1970	2,236

Source: U.S. census, city estimates since 2000

Population by Age:

2000 census figures according to age group for the cities of Johnston, Urbandale and Des Moines:

	Johnston	Urbandale	Des Moines
Under 19 years	31.5%	28.5%	27.8%
20 to 24 years	3.4%	4.8%	7.6%
25 to 44 years	31.6%	31.3%	31.8%
45 to 64 years	22.6%	24.6%	20.4%
65 to 84 years	8.7%	9.6%	10.5%
85 and over	2.2%	1.7%	1.8%
Median Age	36.3	37.0	33.8

Source: U.S. Census

Retail Sales:

(In millions)

Year ended 3/31	Johnston	Des Moines	Polk County	State
2004	110.7	3,492.3	6,035.2	29,099.3
2003	98.2	3,713.2	6,190.4	28,704.9
2002	87.4	3,789.7	6,052.8	28,446.6
2001	77.7	3,994.6	6,111.4	28,481.7
2000	77.2	4,108.0	6,061.1	27,586.1
1999	57.7	4,054.9	5,848.5	26,770.7
1998	48.2	3,944.1	5,527.4	
1997	44.2	3,935.5	5,396.5	
1996	45.4	3,844.2	5,167.4	
1995	43.0	3,683.0	4,910.4	

Source: Iowa Department of Revenue & Finance

Bank Deposits

Institution	June 30, 2004	
	Deposits	
Wells Fargo Bank	\$	36,486,000
First Bank		2,849,000
Polk County Bank		60,565,000
Community State Bank		18,928,000
Commercial Federal Bank		20,279,000
Charter Bank		45,904,000
	\$	<u>185,011,000</u>

Source: Annual Reports

Residential Construction by Number of Dwelling Units

Year	Single Family	Townhome	Multi-family	(# Multi-family living units)	Totals
2004	324	65	0	0	389
2003	253	90	24	204	571
2002	226	30	19	152	427
2001	206	98	4	32	340
2000	130	78	0	0	208
1999	252	93	0	0	345
1998	186	77	0	0	263
1997	174	2	0	0	176
1996	167	17	0	0	184
1995	141	0	0	0	141
1994	96	6	6	144	252
1993	65	13	0	0	78
1992	60	5	0	0	65
1991	46	9	0	0	55
1990	24	2	1	60	87
Total	2,026	520	54	592	3,192

Source: City of Johnston Planning Department

TAXABLE ASSESSED VALUATION* BY PROPERTY TYPE
Last Ten Fiscal Years

Collection Year	Residential	Ag Land	Ag Buildings	Commercial	Industrial	Personal	Utilities	Total
2004-05	\$ 668,827,186	4,114,630	578,690	380,091,624	2,598,269	-	50,018,656	1,106,229,055
2003-04	609,420,161	6,481,470	505,190	342,771,383	2,314,150	-	51,068,590	1,012,560,944
2002-03	563,424,609	6,878,360	516,830	265,532,081	2,100,870	745,273	48,615,982	887,814,005
2001-02	518,631,796	7,693,210	444,460	235,087,410	1,987,060	1,671,646	49,739,362	815,254,944
2000-01	461,112,001	7,725,820	460,050	226,654,770	1,558,730	2,160,822	50,022,949	749,695,142
1999-00	415,776,925	7,068,500	388,600	216,179,999	1,355,170	3,691,768	52,260,843	696,721,805
1998-99	371,165,842	7,114,730	375,830	205,233,194	1,335,290	7,102,895	55,309,042	647,636,823
1997-98	340,490,258	6,443,900	326,580	194,879,430	1,280,720	8,533,764	50,980,638	602,935,290
1996-97	313,888,891	6,658,810	324,920	166,754,095	1,636,010	10,420,892	44,175,323	543,858,941
1995-96	289,951,208	6,928,730	271,340	149,780,628	986,240	12,244,633	49,369,265	509,532,044

Collection Year	Residential	Ag Land	Ag Buildings	Commercial	Industrial	Personal	Utilities	Total
2004-05	60.5%	0.4%	0.1%	34.4%	0.2%	0.0%	4.5%	100.0%
2003-04	60.2%	0.6%	0.0%	33.9%	0.2%	0.0%	5.0%	100.0%
2002-03	63.5%	0.8%	0.1%	29.9%	0.2%	0.1%	5.5%	100.0%
2001-02	63.6%	0.9%	0.1%	28.8%	0.2%	0.2%	6.1%	100.0%
2000-01	61.5%	1.0%	0.1%	30.2%	0.2%	0.3%	6.7%	100.0%
1999-00	59.7%	1.0%	0.1%	31.0%	0.2%	0.5%	7.5%	100.0%
1998-99	57.3%	1.1%	0.1%	31.7%	0.2%	1.1%	8.5%	100.0%
1997-98	56.5%	1.1%	0.1%	32.3%	0.2%	1.4%	8.5%	100.0%
1996-97	57.7%	1.2%	0.1%	30.7%	0.3%	1.9%	8.1%	100.0%
1995-96	56.9%	1.4%	0.1%	29.4%	0.2%	2.4%	9.7%	100.0%

* Does not include TIF Valuation

Source: Polk County Auditor

PROPERTY TAX RATES
Last Ten Fiscal Years

Fiscal Year	General	Mngt.	Reg. PPEL	Voted PPEL	Debt Service	Total
2004-05	\$ 13.13583	\$ 0.76838	\$ 0.33000	\$ 1.34000	\$ 1.63632	\$17.21053
2003-04	12.54170	0.74070	0.33000	1.34000	1.78533	16.73773
2002-03	11.89065	0.39423	0.33000	0.67000	2.36958	15.65446
2001-02	10.99253	0.33732	0.33000	0.67000	2.76844	15.09829
2000-01	10.53107	0.22009	0.33000	0.67000	3.08515	14.83631
1999-00	10.37903	0.17941	0.33000	0.67000	3.43546	14.99390
1998-99	9.75973	0.18529	0.33000	0.67000	3.72547	14.67049
1997-98	9.56906	0.19903	0.33000	0.67000	4.05000	14.81809
1996-97	10.15882	0.22065	0.33000	0.67500	4.12094	15.50541
1995-96	12.14715	0.23551	0.33000	0.67500	3.42488	16.81254

Source: District records

PROPERTY TAX COLLECTION HISTORY
Last Ten Fiscal Years

Fiscal Year	Amount Levied	Amount Collected	Percentage Collected
2004-05	\$ 19,467,819	\$ 19,389,568	99.60%
2003-04	17,341,078	17,315,386	99.85%
2002-03	14,389,451	14,312,952	99.47%
2001-02	12,651,417	12,576,873	99.41%
2000-01	11,379,847	10,982,032	96.50%
1999-00	10,640,485	10,234,903	96.19%
1998-99	9,466,591	9,315,620	98.41%
1997-98	8,992,250	9,032,527	100.45%
1996-97	8,474,621	8,502,807	100.33%
1995-96	8,578,278	8,519,232	99.31%
Average Percentage Collected			98.95%

Source: Certified Annual Report

PROPERTY TAX LIABILITY
Last Ten Fiscal Years

Fiscal Year	Assessed Value	Rollback	Taxable Value	Rate	Tax Liability	Change Dollars	Percent
2004-05	\$ 200,000	48.46%	\$ 96,912	\$ 17.21053	\$ 1,668	\$ (52)	-3.0%
2003-04	200,000	51.39%	102,775	16.73772	1,720	102	6.3%
2002-03	200,000	51.67%	103,335	15.65446	1,618	(81)	-4.8%
2001-02	200,000	56.27%	112,530	15.09829	1,699	71	4.4%
2000-01	200,000	54.85%	109,705	14.83631	1,628	(66)	-3.9%
1999-00	200,000	56.48%	112,958	14.99390	1,694	83	5.2%
1998-99	200,000	54.91%	109,818	14.67049	1,611	(270)	-14.4%
1997-98	200,000	58.83%	117,657	15.98777	1,881	42	2.3%
1996-97	200,000	59.32%	118,636	15.50541	1,839	(431)	-19.0%
1995-96	200,000	67.51%	135,015	16.81254	2,270	(55)	-2.4%

Source: District records, Polk County Assessor

**PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years**

Levy Year	Collection Year	Polk County	State	Area XI Community College	City	Special	Johnston Community School District	Total	Ratio of Johnston CSD to Total
City of Des Moines									
2003	2004-05	9.60980	0.00400	0.59856	17.05539	0.76702	17.21053	45.24530	0.38038
2002	2003-04	9.40708	0.00400	0.58184	17.04806	0.35518	16.72967	44.12583	0.37914
2001	2002-03	9.34184	0.00400	0.54584	17.04857	0.38033	15.65446	42.97504	0.36427
2000	2001-02	9.63888	0.00500	0.54454	17.04857	0.35432	15.09829	42.68960	0.35368
1999	2000-01	9.25371	0.00500	0.54506	16.57304	0.39163	14.83631	41.60475	0.35660
1998	1999-00	9.27874	0.00500	0.52451	16.81579	0.42847	14.99390	42.04641	0.35660
1997	1998-99	9.28690	0.00500	0.50551	16.93966	0.45088	14.67049	41.85844	0.35048
1996	1997-98	9.18010	0.00500	0.47230	16.24935	0.48012	14.81809	41.20496	0.35962
1995	1996-97	9.47532	0.00500	0.50661	16.18284	0.51456	15.50541	42.18974	0.36752
1994	1995-96	9.90986	0.00500	0.48988	16.10600	0.57762	16.81254	43.90090	0.38297
City of Grimes									
2003	2004-05	9.60980	0.00400	0.59856	12.84260	0.35480	17.21053	40.62029	0.42369
2002	2003-04	9.40708	0.00400	0.58184	12.82394	0.35518	16.72967	39.90171	0.41927
2001	2002-03	9.34184	0.00400	0.54584	12.76837	0.38033	15.65446	38.69484	0.40456
2000	2001-02	9.63888	0.00500	0.54454	11.72852	-	15.09829	37.01523	0.40789
1999	2000-01	9.25371	0.00500	0.54506	11.61255	-	14.83631	36.25263	0.40925
1998	1999-00	9.27874	0.00500	0.52451	11.61165	-	14.99390	36.41380	0.41176
1997	1998-99	9.28690	0.00500	0.50551	12.27467	-	14.67049	36.74257	0.39928
1996	1997-98	9.11536	0.00500	0.47230	11.02283	-	14.81809	35.43358	0.41819
1995	1996-97	9.22055	0.00500	0.50661	12.01311	-	15.50541	37.25068	0.41625
1994	1995-96	9.67195	0.00500	0.48988	10.62467	-	16.81254	37.60404	0.44709
City of Johnston									
2003	2004-05	9.60980	0.00400	0.59856	10.80991	0.35480	17.21053	38.58760	0.44601
2002	2003-04	9.40708	0.00400	0.58184	10.88788	0.35518	16.72967	37.96565	0.44065
2001	2002-03	9.34184	0.00400	0.54584	10.89082	0.38033	15.65446	36.81729	0.42519
2000	2001-02	9.63888	0.00500	0.54454	11.19234	-	15.09829	36.47905	0.41389
1999	2000-01	9.25371	0.00500	0.54506	9.93838	-	14.83631	34.57846	0.42906
1998	1999-00	9.27874	0.00500	0.52451	9.47808	-	14.99390	34.28023	0.43739
1997	1998-99	9.28690	0.00500	0.50551	9.85999	-	14.67049	34.32789	0.42736
1996	1997-98	9.11536	0.00500	0.47230	9.64987	-	14.81809	34.06062	0.43505
1995	1996-97	9.22055	0.00500	0.50661	9.99008	-	15.50541	35.22765	0.44015
1994	1995-96	9.67195	0.00500	0.48988	9.82745	-	16.81254	36.80682	0.45678
City of Urbandale									
2003	2004-05	9.60980	0.00400	0.59856	9.07306	0.76702	17.21053	37.26297	0.46187
2002	2003-04	9.40708	0.00400	0.58184	9.07000	0.35518	16.72967	36.14777	0.46281
2001	2002-03	9.34184	0.00400	0.54584	8.97000	0.38033	15.65446	34.89647	0.44860
2000	2001-02	9.63888	0.00500	0.54454	11.19234	-	15.09829	36.47905	0.41389
1999	2000-01	9.25371	0.00500	0.54506	8.97000	0.39163	14.83631	34.00171	0.43634
1998	1999-00	9.27874	0.00500	0.52451	8.83994	0.42847	14.99390	34.07056	0.44008
1997	1998-99	9.28690	0.00500	0.50551	8.49000	0.45088	14.67049	33.40878	0.43912
1996	1997-98	9.11536	0.00500	0.47230	8.51857	0.48012	14.81809	33.40944	0.44353
1995	1996-97	9.22055	0.00500	0.50661	8.52000	0.51456	15.50541	34.27213	0.45242
1994	1995-96	9.67195	0.00500	0.48988	8.52000	0.57762	16.81254	36.07699	0.46602

Source: Polk County Auditor

Debt Limit

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by the constitutional debt limit, which is an amount equal to 5% of the actual value of property within the corporate limits, taken from the last County Tax list. The district's debt limit, based upon said valuation, amounts to the following:

Actual value of property, 2003:	\$ 1,953,752,680 *
	0.05
Debt Limit:	<u>\$ 97,687,634</u>

Total Direct Debt = \$ 16,815,000 or 17.2% of debt limit.

* Includes TIF valuation of \$129,760,620

Overlapping and Underlying Debt

Issuer	Outstanding Debt	Total Taxable Valuation	Valuation Within Issuer	Percent Applicable	Amount Applicable
Polk County	\$189,810,000	15,348,447,159	1,290,067,916	8.41%	15,953,913
DMACC	55,670,000	26,085,163,567	1,290,067,916	4.95%	2,753,216
Heartland AEA 11	-	26,085,163,567	1,290,067,916	4.95%	-
Urbandale San Sewer Dist	4,120,000	1,530,513,260	255,136,560	16.67%	686,804
City of Des Moines	319,469,437	5,776,295,604	122,457,467	2.12%	6,772,752
City of Grimes	6,705,000	214,643,596	36,467,947	16.99%	1,139,180
City of Johnston	27,385,000	738,075,047	738,075,047	100.00%	27,385,000
City of Urbandale	35,900,000	1,756,156,654	261,316,110	14.88%	5,341,920
TOTAL OVERLAPPING & UNDERLYING DEBT:					<u>\$ 60,032,784</u>

Source: Polk County Auditor, Government Offices

COMPARATIVE RATIO OF BONDED DEBT TO ASSESSED VALUES
Last Ten Fiscal Years

Fiscal Year	Population	100% Assessed Valuation *	Legal Debt Limit (5%)	Indebtedness **	Debt to Assessed Value	Debt per Capita
2004-05	12,834	\$ 1,953,752,680	97,687,634	16,815,000	0.86%	1,310
2003-04	12,834	1,709,937,084	85,496,854	25,535,000	1.49%	1,990
2002-03	11,742	1,426,451,515	71,322,576	26,225,000	1.84%	2,233
2001-02	10,483	1,222,199,774	61,109,989	26,225,000	2.15%	2,502
2000-01	9,506	1,136,728,451	56,836,423	31,965,000	2.81%	3,363
1999-00	8,649	1,020,210,435	51,010,522	33,195,000	3.25%	3,838
1998-99	4,702	983,762,223	49,188,111	24,345,000	2.47%	5,178
1997-98	4,702	858,037,064	42,901,853	26,430,000	3.08%	5,621
1996-97	4,702	776,635,918	38,831,796	23,410,000	3.01%	4,979
1995-96	4,702	655,366,392	32,768,320	16,200,000	2.47%	3,445

* Includes TIF Valuation

** Total Indebtedness indicates amount of debt at the end of the fiscal year.

Source: Polk County Auditor; District Data; Office of Social and Economic Trend Analysis, Iowa State University

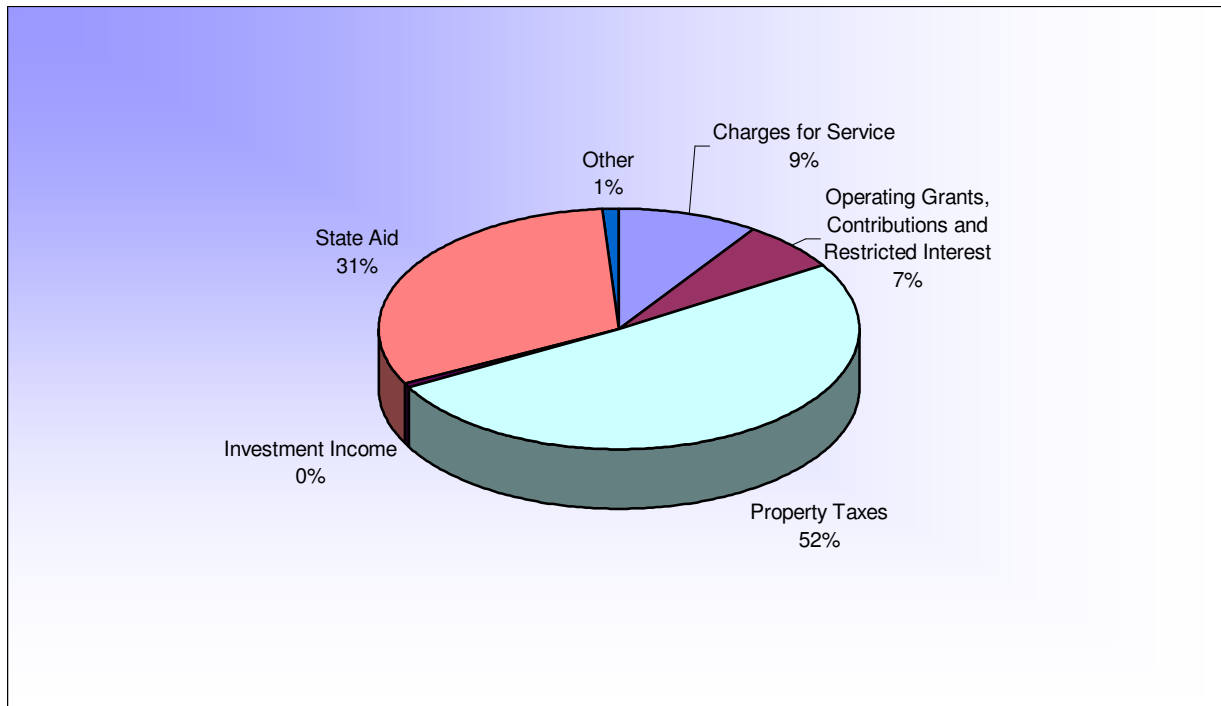
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR BONDED DEBT
TO TOTAL GENERAL FUND EXPENDITURES
Last Ten Fiscal Years**

Fiscal Year	Principal	Interest	Services	Total Debt Service	Total Expenditures	Ratio of Debt Service to Total Expenditures
2004-05	3,795,000	996,868	3,500	4,795,368	34,831,387	13.77%
2003-04	3,620,000	1,184,564	3,250	4,807,814	31,379,456	15.32%
2002-03	3,115,000	1,264,218	1,425	4,380,643	29,870,388	14.67%
2001-02	1,370,000	1,137,068	1,575	2,508,643	28,487,789	8.81%
2000-01	4,995,000	1,790,672	1,350	6,787,022	26,202,424	25.90%
1999-00	1,150,000	1,345,940	1,500	2,497,440	22,799,669	10.95%
1998-99	1,080,000	1,410,318	2,325	2,492,643	20,858,051	11.95%
1997-98	1,005,000	1,507,091	1,388	2,513,479	18,806,629	13.36%
1996-97	1,030,000	1,438,840	1,850	2,470,690	16,881,793	14.64%
1995-96	990,000	951,266	-	1,941,266	14,928,043	13.00%

Source: District Data

GOVERNMENT-WIDE REVENUES, by Source
Year Ended June 30, 2005*

PROGRAM REVENUES			GENERAL REVENUES				
Fiscal Year	Charges for Service	Operating Grants, Contributions and Restricted Interest	Property Taxes	Investment Income	State Aid	Other	TOTAL
2004-05	\$ 4,390,273	3,117,791	23,672,255	200,335	14,607,644	501,142	46,489,440
2003-04	4,068,329	2,694,797	21,314,918	126,896	13,358,918	367,015	41,930,873
2002-03	3,918,932	2,953,549	18,180,329	51,709	13,105,626	284,271	38,494,416

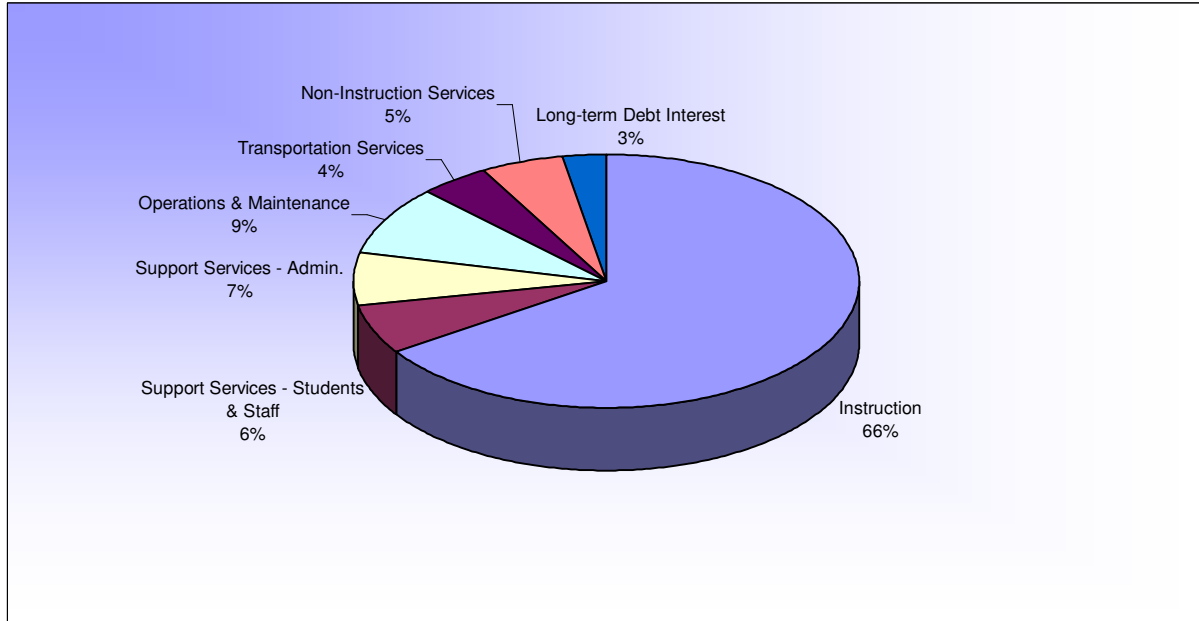


*Note: No 10-year data available since required reporting began in FY03.
 Governmental actives only, does not include business activities.

Source: District Audits

GOVERNMENT-WIDE EXPENDITURES, by Function
Year Ended June 30, 2005*

Fiscal Year	Instruction	Support Services - Students & Staff	Support Services - Admin.	Operations & Maintenance	Transportation Services	Non-Instruction Services	Long-term Debt Interest	Totals
2004-05	\$ 26,749,812	2,589,400	2,770,554	3,660,646	1,735,084	2,153,539	1,162,844	40,821,879
2003-04	23,852,166	2,424,261	2,869,991	3,083,216	1,480,230	1,937,560	1,212,624	36,860,048
2002-03	21,456,624	3,597,988	2,723,030	2,548,817	1,368,743	2,007,094	1,241,410	34,943,706



*Note: No 10-year data available since required reporting began in FY03.
 Governmental actives only, does not include business activities.

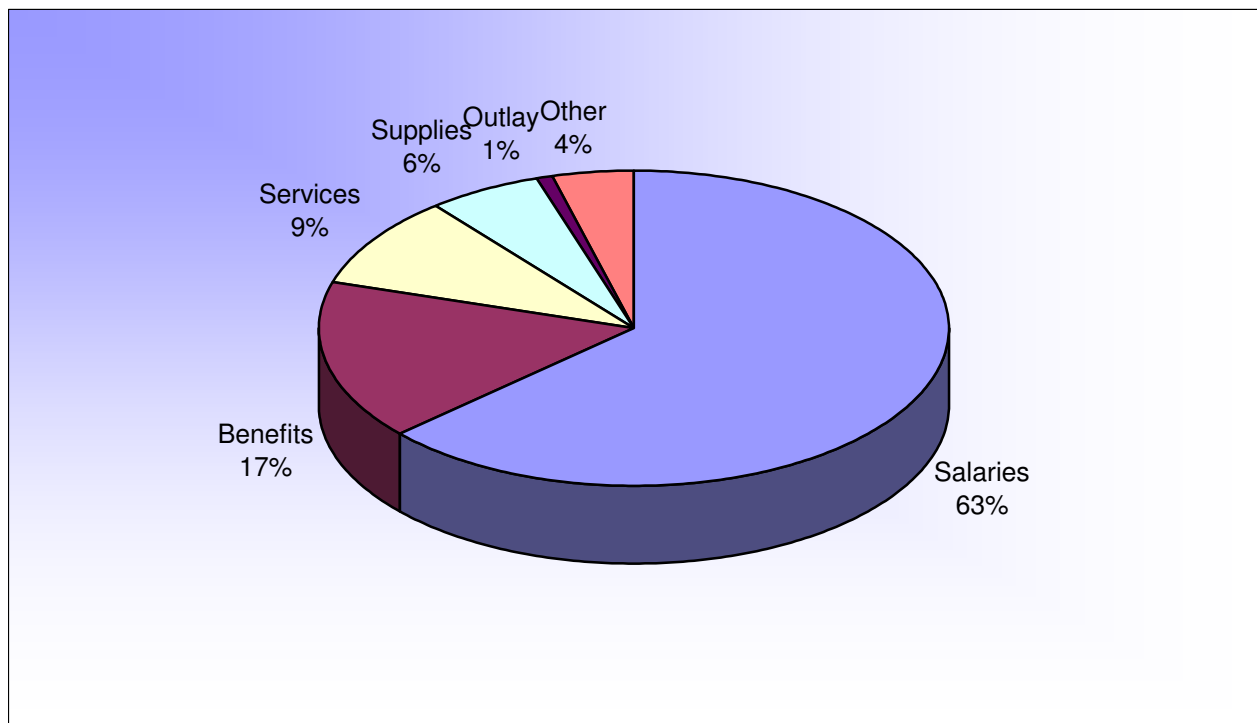
GENERAL FUND DISTRICT REVENUE, BY SOURCE
Last Ten Fiscal Years

Year ended June 30,	Local Tax	Appropriations		Miscellaneous	Total
		State Aid	Federal		
2005	\$ 14,471,413	17,287,492	453,730	4,106,168	36,318,803
2004	12,666,832	15,583,090	472,152	3,680,177	32,402,251
2003	10,498,565	15,433,183	449,584	3,396,212	29,777,544
2002	8,664,705	14,661,339	418,530	3,086,648	26,831,222
2001	7,629,434	11,301,083	179,017	5,322,000	24,431,534
2000	7,026,163	10,560,509	176,024	5,476,943	23,239,639
1999	6,145,864	9,146,986	130,174	4,391,876	19,814,900
1998	5,797,171	8,040,880	114,296	4,327,169	18,279,516
1997	5,552,742	7,487,974	190,473	3,846,182	17,077,371
1996	6,153,963	6,285,513	114,429	3,309,186	15,863,091

Source: Certified Annual Report

GENERAL FUND DISTRICT EXPENDITURES, BY OBJECT
Last Ten Fiscal Years

Fiscal Year	Salaries	Benefits	Purchased Services	Supplies	Capital Outlay	Other	Total
2004-05	22,005,891	5,614,383	3,337,095	2,202,975	348,548	1,322,495	34,831,387
2003-04	19,876,524	5,178,986	2,907,360	1,804,564	339,970	1,272,052	31,379,456
2002-03	19,031,924	4,736,267	2,849,270	1,505,519	281,775	1,465,633	29,870,388
2001-02	18,192,221	4,442,448	2,616,827	1,437,681	516,164	1,282,447	28,487,788
2000-01	15,828,336	3,682,418	2,877,306	1,810,048	792,547	1,211,769	26,202,424
1999-00	14,470,742	3,259,196	1,890,309	1,396,124	675,487	1,107,811	22,799,669
1998-99	12,931,080	2,776,927	2,002,082	1,464,038	690,468	993,456	20,858,051
1997-98	11,560,841	2,434,008	1,572,076	1,347,301	872,705	1,019,698	18,806,629
1996-97	10,644,606	2,244,076	1,482,778	1,242,246	538,649	729,438	16,881,793
1995-96	9,448,376	1,952,668	1,274,163	1,085,250	416,872	750,714	14,928,043



Source: Certified Annual Report

OPERATING COST PER PUPIL
Last Ten Fiscal Years

Fiscal Year	Total Costs	Daily Average Membership	General Fund Operating Expenses Per Pupil
2004-05	\$34,831,387	4,898	7,111
2003-04	31,379,456	4,534	6,921
2002-03	29,870,388	4,386	6,810
2001-02	28,487,789	4,154	6,858
2000-01	26,202,424	3,983	6,579
1999-00	22,799,669	3,855	5,914
1998-99	20,858,051	3,736	5,583
1997-98	18,806,629	3,508	5,361
1996-97	16,881,793	3,225	5,235
1995-96	14,928,043	3,126	4,775

Source: Certified Annual Report



GENERAL FUND DISTRICT EXPENDITURES, BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Year ended June 30,	2005	2004	2003	2002	2001
Expenditures:					
Instruction:					
Regular instruction	\$ 16,213,278	14,580,899	13,166,722	12,268,545	11,005,660
Special educ. instruction	5,244,294	4,626,240	4,021,880	3,914,006	3,404,752
Other special instruction	952,331	823,558	442,949	318,064	299,165
Vocational instruction	484,419	492,330	467,906	403,156	342,309
Co-curricular instruction	778,752	687,537	648,056	604,229	551,965
Non-public instruction	-	-	-	-	-
Adult/Continuing education instruction	150,892	143,730	134,489	130,570	154,879
Subtotal	23,823,966	21,354,294	18,882,002	17,638,570	15,758,730
Support Services:					
Student support services	1,103,097	1,066,567	1,165,226	1,224,067	844,924
Instructional staff support	1,438,118	1,294,770	2,375,145	2,674,730	2,672,170
General administration	452,762	439,062	384,693	345,269	362,617
Building administration	1,395,883	1,488,082	1,351,246	1,253,776	1,209,110
Business administration	735,968	555,605	803,896	741,132	723,355
Plant operation/maintenance	3,065,671	2,532,850	2,533,915	2,329,151	2,318,374
Student transportation	1,521,071	1,300,483	1,194,579	1,176,195	1,247,264
Other support services	33,056	171,693	-	-	-
Subtotal	9,745,626	8,849,112	9,808,700	9,744,320	9,377,814
Other intergovernmental expenditures	1,261,795	1,176,050	1,179,686	1,104,898	1,065,880
Grand Totals	\$ 34,831,387	31,379,456	29,870,388	28,487,788	26,202,424

* Expenditures by function are on a modified accrual basis.

2000	1999	1998	1997	1996
9,283,958	8,433,120	7,879,260	7,232,837	6,274,918
3,153,771	2,839,877	2,334,275	2,071,544	1,787,486
265,126	158,752	144,607	129,857	111,153
394,976	390,488	197,216	277,034	251,625
528,030	494,637	431,615	395,702	399,836
-	-	-	-	-
152,736	149,978	314,108	288,882	238,851
13,778,597	12,466,852	11,301,081	10,395,856	9,063,869
756,610	716,456	624,595	580,923	542,888
2,302,172	2,119,304	2,026,964	1,711,069	1,264,539
196,656	178,570	170,591	162,353	151,998
1,083,444	921,625	682,998	642,721	576,746
600,134	768,324	511,878	365,311	515,693
1,973,073	1,781,251	1,595,038	1,432,599	1,367,744
1,127,883	1,034,401	969,955	861,523	780,756
-	-	131,032	-	-
8,039,972	7,519,931	6,713,051	5,756,499	5,200,364
981,100	871,541	792,497	729,438	663,810
22,799,669	20,858,324	18,806,629	16,881,793	14,928,043

**COMPARISONS OF GROWTH IN REVENUE, EXPENDITURES, ENROLLMENT,
ASSESSED VALUATION AND TAX RATES - GENERAL FUND BY YEAR
Last Ten Fiscal Years**

Fiscal Year	Revenue	Growth	Expenditures	Growth	Enrollment	Growth
2004-05	\$ 35,613,671	9.9%	\$ 34,831,387	11.0%	4,885.6	5.9%
2003-04	32,405,251	8.8%	31,379,456	5.1%	4613.2	5.2%
2002-03	29,777,544	11.0%	29,870,388	4.9%	4386.1	4.6%
2001-02	26,831,282	10.7%	28,487,789	8.7%	4192.1	5.2%
2000-01	24,239,639	4.3%	26,202,424	14.9%	3984.7	4.6%
1999-00	23,239,639	17.3%	22,799,669	9.3%	3810.6	4.2%
1998-99	19,814,900	8.4%	20,858,051	10.9%	3657.7	8.5%
1997-98	18,279,516	7.0%	18,806,629	11.4%	3369.8	5.5%
1996-97	17,077,371	7.7%	16,881,793	13.1%	3195.6	4.3%
1995-96	15,863,091	9.3%	14,928,043	14.2%	3062.5	5.7%

Source: Polk County Auditor

Assessed		Tax	
Value	Growth	Rate	Growth
\$ 1,106,229,055	9.3%	13.13000	4.8%
1,012,560,944	14.1%	12.53364	5.4%
887,814,005	8.9%	11.89065	8.2%
815,294,544	8.8%	10.99253	4.4%
749,695,145	7.6%	10.53107	1.5%
696,721,805	7.6%	10.37907	4.4%
647,636,823	7.4%	9.94502	1.8%
602,935,290	11.0%	9.76809	-5.9%
543,385,941	6.6%	10.37947	-16.2%
509,532,044	6.0%	12.38266	-0.3%

GENERAL ANALYSIS OF FACILITIES AND ENROLLMENT
June 30, 2005

	Date Constructed/ Purchased	Grades Served	Enrollment* at September, 2004
Elementary Schools			
Lawson	1958,1960,1967,1998	K-5	464
Wallace	1987,1989	PK-5	499
Beaver Creek	1997	K-5	743
Horizon	2001	K-5	579
Summit Middle School	2004	6-7	826
Johnston Middle School	1984,1990	8-9	785
Johnston High School	1972,1977,1994	9-12	1,015
At Risk Consortium		K-12	-
Alternative School	1998	9-12	4
Y-Home		7-12	5
Total Students Served			<u>4,920</u>
Open enrollment/tuition out		K-12	306.1
Open enrollment/tuition in		K-12	363.5
Other facilities - non-student occupancy			
Transportation/Maintenance Facility	1995	Transportation/Building & Grounds	
Instructional Resource Building (Wallace West)	1983	Instructional Programs	
Administration Building	2000	Central Administration	
Warehouse	2000	Central Warehouse	

*All students served including tuition students.

DISTRICT STAFFING LEVELS -- General Fund (FTE)
Last Ten Fiscal Years

	For Fiscal Year ended June 30,									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Administration:										
Superintendent	1	1	1	1	1	1	1	1	1	1
Assoc. Supt.	1	1	1	1	1	-	-	-	-	-
Principals	7	6	6	6	5	5	5	4	4	4
Assist. Principals	4	4	4	4	4	3	2	2	3	3
Other Admin.	2	2	2	2	2	3	1	5	3	3
Total Administration	15	14	14	14	13	12	9	12	11	11
Supervisors/ Coordinators/Managers	6	6	6	6	4	-	4	4	4	2
Instruction:										
Teachers	309	287	287	287	280	258	236	209	200	184
Counselors	7	7	7	7	7	9	7	7	8	8
Media Spec.	6	6	6	6	5	5	7	6	6	6
Other Instructors	4	4	4	4	9	9	-	-	-	-
Total Instruction	326	304	304	304	301	280	250	222	214	198
Professional/Other										
Nurses	6	6	6	6	5	5	5	4	4	3
Other Professional Staff	10	6	6	6	9	7	6	1	3	3
Total Professional/Other	16	12	12	12	14	12	11	5	7	6
Instructional Support Personnel:	112	125	125	123						
Support Personnel:										
Office/Clerical	23	25	25	25	22	20	19	18	17	17
Transportation	26	48	48	45						
Op. & Maintenance	36	31	31	31						
Service Personnel	-	-	-	-	185	191	168	137	142	115
Total Support Personnel	84	104	104	101	207	211	187	155	159	132
Grand Totals	559	565	565	560	539	514	461	398	395	348
Enrollment	4,920	4,615	4,372	4,192	3,985	3,812	3,658	3,370	3,196	3,063
Employees/Student	8.8	8.2	7.7	7.5	7.4	7.4	7.9	8.5	8.1	8.8

Source: District Data

DISTRICT ENROLLMENT
Last Ten Fiscal Years

Year	K-4	K-5	5-8	6-7	7-8	6-8	9-12	10-12	Total	Open Enrollment	
										In	Out
2004-05		2,287		830	786			1,027	4,930	277.1	281.1
2003-04		2,185				1,139	1,352		4,676	283.0	278.6
2002-03		2,098				1,046	1,228		4,372	281.0	284.0
2001-02	-	1,986	-			991	1,215		4,192	254.4	252.9
2000-01	-	1,912	-			895	1,178		3,985	274.3	216.0
1999-00	-	1,865	-			842	1,105		3,812	284.0	187.8
1998-99	-	1,769	-			826	1,063		3,658	245.5	185.1
1997-98	1,368	-	1,067			-	935		3,370	258.1	192.8
1996-97	1,296	-	1,001			-	899		3,196	234.1	162.4
1995-96	1,237	-	995			-	831		3,063	193.0	149.0

Source: District Records

ANALYSIS OF CERTIFIED ENROLLMENT BY GRADE
Last Ten Fiscal Years

	as of September,									
	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Pre-Kindergarten	9.0	9.0	11.0	10.0	10.0	13.0	9.0	5.0	6.0	14.0
Kindergarten	390.0	353.0	360.0	332.0	290.7	304.6	300.5	285.2	236.6	257.0
1	375.0	389.0	335.0	301.4	314.7	317.2	309.2	264.6	260.6	243.0
2	401.0	347.0	314.0	328.0	332.3	322.6	283.2	280.6	244.2	238.0
3	374.0	325.0	341.0	343.0	331.8	275.6	293.0	270.2	230.6	227.0
4	335.0	335.0	364.0	350.1	292.7	322.8	303.6	262.6	231.2	209.1
5	352.0	395.0	373.0	313.7	326.7	303.2	270.6	261.2	207.6	241.1
6	426.0	387.0	333.0	355.1	311.7	287.2	263.2	240.1	244.6	218.0
7	398.0	350.0	371.0	325.1	291.0	280.0	251.1	297.6	225.6	227.0
8	354.0	380.0	342.0	310.4	292.1	274.6	311.7	267.6	224.0	215.8
9	402.0	356.0	313.0	310.7	293.3	312.0	277.9	248.0	231.0	220.3
10	368.0	325.0	305.0	292.7	318.0	267.0	278.0	253.1	217.0	190.0
11	328.0	306.0	284.0	293.7	276.0	261.0	247.1	212.0	189.0	181.0
12	301.0	270.0	299.0	271.0	240.0	227.0	203.0	192.0	170.0	179.0
Special education	24.0	15.0	2.0	-	-	-	4.0	23.0	265.0	191.0
Y-Home	5.0	17.0	3.0	11.0	9.0	7.0	6.0	3.0	11.0	11.0
Home School	25.6	15.2	12.1	8.2	12.7	4.8	5.6	4.0	1.6	0.2
At Risk Consortium	14.0	27.0	12.0	19.0	25.0	14.0	26.0	-	-	-
Alternative School	4.0	12.0	12.0	17.0	17.0	17.0	15.0	-	-	-
Certified Enrollment	4,885.6	4,613.2	4,386.1	4,192.1	3,984.7	3,810.6	3,657.7	3,369.8	3,195.6	3,062.5

Note: Historical enrollment data is not available in every year in the same format.

In 1997-98, required reporting rule changes specified a majority of special education population be included in grade level counts.

Source: Certified Enrollment

SCHEDULE OF INSURANCE COVERAGE
June 30, 2005

Company	Type of Policy	Period	
		From	To
Employers Mutual Companies	Business Protection - property coverage	7/1/2004	6/30/2005
Employers Mutual Companies	Inland Marine Policy - Scheduled Equipment	7/1/2004	6/30/2005
Employers Mutual Companies	Business Protection - General Comprehensive Liability	7/1/2004	6/30/2005
Employers Mutual Companies	Business Protection - Automobile	7/1/2004	6/30/2005
Employers Mutual Companies	Business Protection- Crime Coverage	7/1/2004	6/30/2005
Employers Mutual Companies	Workers' Compensation	7/1/2004	6/30/2005
Employers Mutual Companies	Umbrella Liability	7/1/2004	6/30/2005
Employers Mutual Companies	Linebacker Policy - Errors and Omission Coverage	7/1/2004	6/30/2005
Employers Mutual Companies	Pollution Liability	7/1/2004	6/30/2005
Employers Mutual Companies	Excess Liability	7/1/2004	6/30/2005

Source: District Records

Liability Limits	Annual Premium
Building and property replacement; blanket boiler and vessels - business interruption and extra expense	\$ 60,402
Builders Risk for Construction of Summit Middle School	18,576
General aggregate - \$2,000,000; personal advertising limit - \$1,000,000; products/completed operations - \$2,000,000 aggregate; fire damage - \$100,000; any one occurrence limit \$1,000,000; medical expense - \$5,000	17,298
\$1,000,000 liability insurance/\$5,000 auto medical per person; \$1,000,000 uninsured motorist; \$1,000,000 underinsured motorist	29,319
Employee Theft per employee \$1,000,000; forgery or alterations \$10,000; Computer Fraud \$50,000; Funds Transfer fraud \$50,000	1,327
\$500,000 employer's liability/workers' compensation	262,391
\$10,000,000 Umbrella	28,939
\$1,000,000 Linebacker	5,137
\$500,000 each incident, \$1,000,000 aggregate	1,125
DIC \$10,000,000 limit	4,387
Total Premium	<u>\$ 428,901</u>



JOHNSTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2005

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Food Distribution (non-cash)	10.550	FY 05	<u>\$ 86,964</u>
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 05	17,880
Fruit and Vegetable Nutrition Grant	10.555	FY 05	37,253
National School Lunch Program	10.555	FY 05	213,795
Special Milk Program For Children	10.556	FY 05	<u>2,777</u>
			<u>271,705</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 05	<u>107,029</u>
Vocational Education - Basic Grants to States	84.048	FY 05	<u>7,689</u>
Safe and Drug-Free Schools and Communities- National Programs	84.184	FY 05	<u>11,287</u>
State Grants for Innovative Programs	84.298	FY 05	<u>16,782</u>
Improving Teacher Quality State Grants	84.367	FY 05	<u>58,773</u>
Enhanced Assessment Grants	84.368	FY 05	<u>1,000</u>
Grants for State Assessments and Related Activities	84.369	FY 05	<u>27,990</u>
Heartland Area Education Agency			
Special Education - Grants to States	84.027	FY 05	<u>214,217</u>
Total			<u>\$ 803,436</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Johnston Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



**Van Maanen
& ASSOCIATES, P.C.**

Certified Public Accountants

705 Main St.
Pella, IA 50219
641-628-3737

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Johnston Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Johnston Community School District, Johnston, Iowa, and its aggregate discretely presented component units as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents and have issued our report thereon dated September 28, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Johnston Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. However, we noted no matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions as defined above.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we noted no matters involving the internal control and its operation that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Johnston Community School District and other parties to whom the District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Johnston Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

A handwritten signature in cursive script that reads "Van Maanen & Associates, P.C.".

Van Maanen & Associates, P.C.
Certified Public Accountants

September 28, 2005



Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
Johnston Community School District:

Compliance

We have audited the compliance of Johnston Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Johnston Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Johnston Community School District's management. Our responsibility is to express an opinion on Johnston Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Johnston Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Johnston Community School District's compliance with those requirements.

In our opinion, Johnston Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Johnston Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Johnston Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted no matters involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Johnston Community School District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grant agreements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grant agreements caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we noted no matters involving the internal control and its operation that we consider to be a material weakness as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Johnston Community School District and other parties to whom Johnston Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Van Maanen & Associates, P.C.

Van Maanen & Associates, P.C.
Certified Public Accountants

September 28, 2005

JOHNSTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED June 30, 2005

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) No reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No reportable conditions in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) Major programs were as follows:
 - CFDA Number 84.027 - Special Education - Grants to States
 - Clustered programs:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.555 - Fruit and Vegetable Nutrition Grant
 - CFDA Number 10.556 - Special Milk Program for Children
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) Johnston Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

REPORTABLE CONDITIONS

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

REPORTABLE CONDITIONS:

No matters were noted.

JOHNSTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED June 30, 2005

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-05 Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2005.
- IV-B-05 Certified Budget - Expenditures for the year ended June 30, 2005, exceeded the certified budget amount in the other expenditure function.
- Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa Before disbursements were allowed to exceed the budget. The District should contact the Iowa Department of Education and the School Budget Review Committee to resolve the unspent authorized budget issue.
- Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.
- Conclusion - Response accepted.
- IV-C-05 Questionable Disbursements - No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-D-05 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-E-05 Business Transactions - No business transactions were noted between the District and District officials or employees.
- IV-F-05 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-G-05 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-H-05 Certified Enrollment - No variances were noted in the basic enrollment data certified to the Department of Education.
- IV-I-05 Deposits and Investments - No instances of noncompliance were noted with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy.
- IV-J-05 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.